

# THE INDONESIAN QUARTERLY

## Some Aspects of Indonesia's Political and Economic Development

- Current Events
- Nahdlatul Ulama and Politics:  
A Search for Identity
- Armed Forces of the Republic of  
Indonesia: Prospects for the 1990s
- Relationship Between  
the Indonesian Armed Forces and Golkar
- Leadership in Rural Irian Jaya:  
Between Myth and Reality
- Indonesia's Political Modernization  
and Economic Development
- Financial Sector Deregulation in Indonesia  
and Asian Economic Cooperation
- Book Reviews



## The Quarterly

*The Indonesian Quarterly* is a journal of policy oriented studies published by the Centre for Strategic and International Studies (CSIS), Jalan Tanah Abang III/23-27, Jakarta 10160. It is a medium for research findings, evaluations and views of scholars, statesmen and thinkers on the Indonesian situation and its problems. It is also a medium for Indonesian views on regional and global problems. The opinions expressed in *The Indonesian Quarterly* are those of their authors and do not necessarily reflect the opinion of the CSIS.

## The Logo



To better represent the underlying ideas that gave birth to the CSIS in 1971 the Centre uses as of 1989 the logo that figures on the front cover of this journal. The original, in bronze, designed by G. Sidhartha, it consists of a disc with an engraving that depicts the globe which serves as a background to a naked man with an open book laid on a cloth over his lap, his left hand pointing into the book, his right hand raised upwards. Altogether it symbolises the Centre's nature as an institution where people think, learn and communicate their knowledge to whoever are interested, to share it with them, mankind the world over being their concern and the globe their horizon. The nakedness symbolises the open-mindedness, the absence of prejudice, in the attitude of the scholars who work with the Centre, just as it is with scholars everywhere. The inscription reads "*Nalar Ajar Terusan Budi*," which in the Javanese language essentially means that to think and to share knowledge are only the natural consequence of an enlightened mind. It is a *surya sengkala*, that is *chandra sengkala*, a Javanese traditional way to symbolise a commemorable year in the lunar calendar, adapted to the solar calendar system. It consists in using words that express the perceived meaning of the commemorated year while marking the year at the same time, each word having a numerical value. Thus, the inscription, in reverse order, represents the year the CSIS was established: 1971.

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## Current Events

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# East Indonesia's Economy: A Challenge Toward the Year 2000\*

*Hadi SOESASTRO*

### Introduction

**T**HE main problems faced in the economic development of the Eastern part of Indonesia (EI) have become evident. Since January 1990, following the President's budget speech that stressed on the importance of developing the EI region, various seminars have been organized in succession. The mass media has widely published and discussed these problems. What is not yet clear until now, however, is how

these development issues should be solved. Often it is also questioned whether it is necessary at all to give special treatment to EI because in the Western part of this country (WI) there are also regions with a still backward economy.

In order for EI to be able to catch up with the development in other parts of Indonesia, efforts are obviously needed to accelerate EI development. The Governors of some provinces have declared their preparedness for the acceleration of development, i.e. to make efforts at a planned and directed development in order to speed up the improvement of the people's welfare in EI, to make up for all existing deficiencies in comparison with other regions of WI."<sup>1</sup>

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\*This article is translated from Hadi Soesastro original text, "Ekonomi Indonesia Bagian Timur: Tantangan Menuju Tahun 2000," presented at National Seminar on EI's Profile in the Year 2000 (Seminar Nasional Mengenai Profil Indonesia Bagian Timur Tahun 2000), organised by *Jawa Pos*, Surabaya, August 21, 1990.

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<sup>1</sup> *Angkatan Bersenjata*, August 6, 1990.

This is evidently not a light challenge. If EI is taken to cover 9 provinces east of the Wallace Line, i.e. the four provinces in Sulawesi (Celebes), West Nusa Tenggara, East Nusa Tenggara, Maluku, Irian Jaya and East Timor, their overall Gross Regional Domestic Product (GRDP) now accounts only for about 8% of that of the other provinces (conveniently called WI). In terms of population, that of EI account for about 15% of the entire WI population. From the national point of view, at present approximately 13% of the Indonesian population in EI receive 7.8% of the national product. What will be the picture for the year 2000?

Suppose the rate of population growth in EI should be 50% higher than that of WI, by the year 2000 EI's population would account for approximately 17% of that of WI (or 14.5% of Indonesia's total population). If by 2000 EI's GRDP is to increase to 15% of WI's, EI's economic growth rate must be about twice that of West Indonesia. If WI grew with an average rate of 5% a year, in order that 14.5% of the Indonesian population in EI could obtain 10% of the national income, EI's growth rate should score an average 10% per annum. In order to accomplish this, obviously an investment of many times the present one is needed.

## Need for Investment

The target of a 10% growth rate per annum for the provinces in EI is probably beyond the potential of most of those provinces. The available GRDP data, namely

those of the 1983-1987 period, indicate that Maluku achieved the highest growth rate, i.e. about 8.3% at the average per annum. Next came Southeast Sulawesi, East Timor, South Sulawesi, West Nusa Tenggara, and Central Sulawesi, each one exceeding 5%; then came East Nusa Tenggara, North Sulawesi, and Irian Jaya. Table 1 below shows that the differences in accomplishment are not merely determined by the level of investment.

Table 1

EI: RATE OF GROWTH AND CAPITAL  
FORMATION IN THE GRDP  
(in Percentage, on an Annual Average)

	Growth Rate (1983-1987)	Capital Formation in GRDP <sup>b</sup> (1983-1987)
1. North Sulawesi	3.5	22.0
2. Central Sulawesi	5.2	21.3
3. South Sulawesi	5.8	23.8
4. Southeast Sulawesi	7.0	22.4
5. West Nusa Tenggara	5.7	22.2
6. East Nusa Tenggara	4.9	26.1
7. Maluku	8.3	19.2
8. Irian Jaya	2.3 <sup>a</sup>	10.8
9. East Timor	6.8	26.0

<sup>a</sup>1984-1987

<sup>b</sup>based on current prices

Source: Central Bureau of Statistics (BPS).

In East Nusa Tenggara and East Timor, the investment rate as a percentage of the GRDP reached its peak during the 1983-



1987 period, about 26% at the average per annum. For all provinces of Sulawesi, and West Nusa Tenggara, the investment rate was around 21-24% at the average per annum. The lowest rate of investment was in Irian Jaya, only 10.8% of the GRDP. The case of Irian Jaya indicates a relationship between its lowest growth rate and that of investment which was also lowest. This relationship, however, did not apply to Maluku: although its investment rate stood only at 19.2% at the average, its growth rate (8.3%) was the highest among all EI provinces.

In general it may be said that the differences in achievement are not only determined by the differences in the rates of investment but also by the differences in their productivity. The latter is affected by the differences in economic structure and the utilization of the investments themselves. For Irian Jaya, it seems that the very outstanding problem is the limited absorption capacity. This is possibly also a problem faced by the other provinces, though of lower levels.

The development of infrastructure occupies a key position in the development of EI because it could immediately raise the absorption capacity and to surmount the isolation of most of the region from the centres of economic activity. This measure has been taken by the Government through reallocation of development funds to EI. In the 1990/1991 National Budget (APBN), the development budget for communications for nine EI provinces has increased by 403.4% (up to Rp.257.6 billion); the subsector of Presidential Instruction (*Inpres*) projects for the upgrading of regency roads has gone up by 146.1% (up to Rp.138.8 billion), while the *Inpres* subsector projects for upgrading of provincial roads has gone up by 231.6% (up

to Rp.79.9 billion).<sup>2</sup> Likewise the development budget for the Department of Public Works in EI has seen a very significant increase: the public works project budget has increased by 173.3% (amounting to Rp.58.5 billion), Bina Marga budget 605.1% (up to Rp.204.7 billion); the budget for Road Construction 605.1% (amounting to Rp.204.7 billion), and the budget for Building Construction 390.5% (totalling Rp.37.3 billion).<sup>3</sup>

By increasing infrastructural investments the inflow of private investments EI may be expected. Of total Domestic Capital Investment (PMDN) projects, only 7 to 8% are found in EI Cumulatively, since 1968 up to 1987/88, the value of PMDN in EI also amounted to only about 8% of total PMDN in Indonesia. Of the total number of projects in EI around 30% were in South Sulawesi, and of the total values about one-third was in Irian Jaya. The past two years (1988/89 and 1989/90) saw a decline in percentages of PMDN to EI to 5.6% and 3.9%, respectively, of the total value of PMDN. However, there was a significant increase of PMDN into Maluku (see Table 3).<sup>4</sup>

In terms of projects, the percentages of Foreign Investment (PMA) to EI have markedly declined from around 6% of total up to 1987/88 to less than 4% in 1988/89 and only 2% in 1989/90 (see Table 4). Cumulative PMA to EI, from 1967 to 1987/88, was highly concentrated in South Sulawesi, which received almost three-fourth of total PMA to EI. This was followed by Irian Jaya. In 1988/89, about 87% of the value of PMA in EI were in Irian Jaya. In 1989/90 EI received only US\$25

<sup>2</sup>*Kompas*, April 7, 1990.

<sup>3</sup>*Suara Karya*, April 9, 1990.

<sup>4</sup>*Suara Karya*, July 6, 1990.



million in PMA, or only 0.4% of total PMA to Indonesia.

The reasons for the scarcity of private capital investments in EI have often been pointed out. In order to overcome this deficiency, again and again various special incentives were proposed. In early 1990 the private sector submitted a proposal on certain types of incentive which it considered necessary.<sup>5</sup> The private sector represented in The Indonesian Chamber of Commerce and Industry (*Kadin Indonesia*) soon formed a team for Assisting Development of Eastern Indonesia for the purpose of furthering regional development together with 12 Regional Chambers of Commerce (*Kadinda*) in Eastern Indonesia.

Reportedly the Coordinating Agency for Capital Investment (BKPM) has prepared a set of incentives including: (a) extending soft credit interests; (b) offering a longer grace period for repayment of bank credits; (c) offering compensation to capital investors building facilities and infrastructure; (d) relief or rescheduling of taxes levied on enjoyment of a company's expenditures; (e) dispensations on depreciation rates up to 50% for all groups; (f) putting the Decision of the Minister of Finance No. 960/KMK.04/1983 into effect on a wider scale; (g) granting more freedom or leniency for the import of tool machinery stated on the Negative Investment List (DNI); (h) granting 100% exemption for the entire import of capital goods; and (i) granting relief in export duties.<sup>6</sup>

At the meeting of 12 regional Kadins (*Kadinda*) in Jayapura (March 12 through 23, 1990) it was proposed that incentives should also be offered in the form of resche-

duling of the payment of PBB (Tax on Buildings and Lands), and subsidies to industry.<sup>7</sup> In a broader context, earlier the seminar of the Indonesian Association for Agricultural Economy (*Perhepi*) had proposed: (a) a reallocation policy for the infrastructural development in EI with a larger portion oriented toward efforts to sustain agricultural development; (b) a policy of not imposing an export quota, or granting special treatment in the allocation of export quota for companies in EI, should one of the commodities fall under the quota; (c) further decentralization of authority to the regional government in order to encourage the increase of investments in the region; (d) necessary regulation on such decisive fields as communications, particularly sea communications; (e) further deregulation in the trade of agricultural commodities in EI, because many of EI's major commodities such as copra, clothes, and spices are still subject to trade regulations.<sup>8</sup>

At the end of June 1990, through the Decision of the Minister of Finance No. 747/KMK.04/1990 and No. 748/KMK.04/1990, the Government announced that two types of incentive would be offered to capital investment in EI and 4 provinces in Kalimantan, without distinguishing PMDN and PMA. The first type of incentive consists of relief in income tax granted in the form of compensation for loss for not more than 8 years, calculated as of the first year after this loss was incurred. The second incentive consists of 50% reduction taxes on buildings and lands which have been due for 8 years after the land use permit was obtained. Both types of relief apply to new investment activities and expansions if the size of the ex-

<sup>5</sup> *Bisnis Indonesia*, January 22, 1990.

<sup>6</sup> *Business News*, January 29, 1990.

<sup>7</sup> *Angkatan Bersenjata*, March 20, 1990.

<sup>8</sup> *Suara Karya*, January 26, 1990.



pansion amounts to at least 30% of investment implemented up to the end of the fiscal year before the expansion was effected. Furthermore, these two types of relief apply to investments in almost all sectors, namely, agriculture, plantations, animal husbandry, fisheries, mining, forestry, industry, real estate/industrial estate, hotel and services for tourist development, economic facilities and infrastructure, as well as services for land, sea, and air transportation.<sup>9</sup>

Both facilities granted by the Government thus far appear to be far from what has originally been expected by various quarters, but some of the incentive proposals, especially those involving credit subsidies and extension of the grace period and exemption from import duties, are considered to be too difficult to apply. A pertinent question is what type of incentive should be considered most strategic and economically justified. The quality of these incentives are possibly more important than their quantity.

On this question Dr. Iwan Jaya Azis is of the opinion that the development of a backward region like EI really needs a substantial role of the government. This, however, should not be taken to mean an increasing number of regulations, because these would surely lead to prices and market distortion. The role of the government should be in the development of infrastructure, whereas the sector of production and industry should be in the hands of the private sector. In this connection it is actually not necessary to question the decisions of the private sector to invest in Java; the problem is rather, whether the concentration of production and industry in Java is due to regulations, whereas the sources of raw materials are located outside Java.<sup>10</sup> This problem indicates that

discussions on EI's development should be seen within a larger framework focussed on creating economic linkages and integration between EI and WI.

## The Need for a Market

Economic linkages and integration between EI and WI are very important because EI needs a market. The present market in this region is small and fragmented. The need for a market is just as important for EI as the need for investments.

The question of market expansion essentially involves the preparation of a development strategy for the provinces in EI. This strategy may have the character of an import substitution or it may be export oriented or a combination of both. The latter would be e.g. an expansion of plantation products for export; but the garment industry is also being developed with special incentives. Sometimes the development of industry can also be accomplished by utilizing natural protection due to the geographic location of certain isolated areas. The conditions of the provinces are different.

Table 2 indicates that the majority of EI's provinces are net importers in relation to other Indonesian provinces and foreign countries. During the 1983-1987 period, East Timor was able to reduce its import-export gap from about 74% of its GRDP in 1983, to 38% of its GRDP in 1987. But this reduction was not achieved by an increase of exports but by reduction of imports. It is not clear whether the latter was accomplished by an effort to apply planned import substitution or by changes in the pattern of consumption. East Nusa Tenggara has experienced an increase in its import-export gap, and in 1987 it even went up to 50% of its GRDP. Apart

<sup>9</sup> *Bisnis Indonesia*, January 27, 1990.

<sup>10</sup> *Kompas*, March 6, 1990.

from the reduction in exports, imports also increased very rapidly (at the average 27.7% per annum). Southeast Sulawesi also had the same development, and during that period its position even changed from a net exporter to a net importer.

The provinces of North and South Sulawesi and West Nusa Tenggara did not undergo any changes during this period and were in a position of net importers. Exports and imports North and South Sulawesi went up between 4 and 5% per annum, but West Nusa Tenggara underwent a reduction in exports and a stagnation in imports. The province of Central Sulawesi experienced an improvement of its position from a net importer to a net exporter. This was accomplished by increasing exports beside reduction of imports. Probably Central Sulawesi

is an example in which export promoting activities go together with import substitution activities.

Two provinces, Maluku and Irian Jaya, are net exporters. The export surplus of Maluku underwent a very significant increase from 0.4% of its GRDP in 1983 to 18.8% of its GRDP in 1987. By contrast, the export surplus of Irian Jaya which was somewhat above 60% at the beginning of that period went through a reduction to around 45% in 1986 and 1987. This was caused by a reduction in oil exports. The oil and other mining sectors, however, constitute a big enclave in Irian Jaya's economy.

The above picture shows that the expansion of export should be the focus of EI's development. This does not mean that the de-

Table 2

EI: EXPORT AND IMPORT, 1983-1987<sup>a</sup>

Provinces	Net Export/GRDP (%)					Export Rate (%)	Import Rate (%)
	1983	1984	1985	1986	1987	(1983-87)	(1983-87)
1. North Sulawesi	-14.2	-12.2	-12.4	-15.0	-10.9	4.4	3.9
2. Central Sulawesi	-12.3	-11.5	-9.7	-6.4	7.3	20.7	-3.1
3. South Sulawesi	-4.6	-4.2	-2.6	-1.4	-2.4	3.7	5.1
4. Southeast Sulawesi	4.5	0.5	-3.2	-5.6	-9.0	-5.0	24.4
5. West Nusa Tenggara	-7.3	-5.5	-5.6	-5.6	-6.6	-2.5	0.0
6. East Nusa Tenggara	-4.0	-7.3	-6.9	-20.8	-50.1	-5.2	27.7
7. Maluku	0.4	-2.9	4.8	14.8	18.8	13.1	-7.7
8. Irian Jaya	62.3	63.7	53.6	45.8	45.8	-3.2 <sup>b</sup>	-
9. East Timor	-73.9	-69.0	-68.9	-48.7	-38.0	0.0	-0.7

<sup>a</sup>Export and import with other Indonesian regions and abroad;

<sup>b</sup>Net export.

Source: Central Bureau of Statistics (BPS).



velopment of regional potentials is only directed towards export. It usually also involves the development of the agricultural food sector, in order that this province may be able to meet its own need for food. This policy was reiterated by the Minister of Agriculture recently.<sup>11</sup> On the other hand, the Minister of Industry<sup>12</sup> as well as the Junior Minister of Trade<sup>13</sup> stressed the importance of industrial development and of various other commodities for the export market. It is in this connection that the question on determining the comparative advantage of each province has arisen.

In connection with export-oriented development strategy and the need for market expansion, a problem has arisen on how to expand the market for the products of EI. Some have suggested the idea to expand service centres in addition to production centres. Ujung Pandang intends to develop itself into a service centre for EI.<sup>14</sup> There is also a suggestion on the use of Surabaya as the Singapore of EI, but this has been rejected.<sup>15</sup> In the final analysis, it is the economic factor that will decide which centre is going to develop. As stated by the Minister of Public Works, the Government will not merely designate centres in one province, but will also help to develop production centres in every provincial capital.<sup>16</sup> In fact, the main rationale for the development of service centres for East Indonesia is the creation of an economic link and integration between EI and WI. Surabaya is not located in EI, but for this very reason it is capable of perform-

ing this function. For this purpose Surabaya may cooperate with other centres, e.g. with Ujung Pandang. The idea of a Surabaya-Ujung Pandang-Darwin triangle which I put forward some time ago was based on this rationale.

The creation of the means of market development may well involve certain centres abroad, like Darwin. The Minister of Industry has voiced his idea on a grouping of areas in EI on the basis of their interaction with their markets and business partners abroad. For example, the provinces of West Nusa Tenggara, East Nusa Tenggara and East Timor can establish relations with Australia, New Zealand and other countries, either directly or through Bali. The provinces in Sulawesi and Maluku may do likewise with Japan, Taiwan, and South Korea, whereas Irian Jaya may be orientated towards Australia, the United States, Japan, and Korea.<sup>17</sup> Once more the core of this discussion is that expansion and development of EI cannot be seen merely within the narrow regional perception of EI itself, because its need for markets is real.

Conclusion

The conclusion which I should like to offer here is that the main challenge to the development of EI has an institutional character. Without institutional development and reforms, all efforts will come to naught. These institutional challenges have also been discussed a great deal.

The Government has offered some incentives for investments. The question is where at the central (national) level the effective-

<sup>11</sup>*Suara Karya*, June 23, 1990.

<sup>12</sup>*Suara Pembaruan*, May 23, 1990.

<sup>13</sup>*Jakarta Post*,<sup>1</sup> August 6, 1990.

<sup>14</sup>*Kompas*, April 7, 1990.

<sup>15</sup>*Kompas*, June 12, 1990.

<sup>16</sup>*Suara Karya*, May 18, 1990.

<sup>17</sup>*Suara Pembaruan*, May 23, 1990.



Table 3

## DOMESTIC INVESTMENTS IN EASTERN INDONESIA 1968-1989/90

Provinces	1968-1987/88			1988/89			1989/90		
	Projects	Investment (Rp Billion)	(%)	Projects	Investment (Rp Billion)	(%)	Projects	Investment (Rp Billion)	(%)
North Sulawesi	48	411.5	(13.2)	4	54.3	(5.3)	13	184.4	(15.8)
Central Sulawesi	46	477.9	(12.6)	8	73.3	(10.6)	9	34.0	(2.9)
Southeast Sulawesi	9	504.7	(2.5)	2	29.0	(2.6)	2	27.8	(2.4)
South Sulawesi	111	676.8	(30.4)	21	132.9	(27.6)	14	55.9	(4.8)
Maluku	55	349.2	(15.1)	23	318.9	(30.3)	26	504.8	(43.3)
West Nusa Tenggara	28	115.4	(7.7)	2	2.0	(2.6)	13	138.7	(11.9)
East Nusa Tenggara	23	78.6	(6.3)	9	34.5	(11.8)	3	7.5	(0.6)
Irian Jaya	43	1,214.1	(11.8)	5	154.4	(6.6)	9	211.3	(18.1)
East Timor	2	2.3	(0.5)	2	0.8	(2.6)	1	1.4	(0.1)
Total EI	365	3,830.5	(100.0)	76	800.1	(100.0)	90	1,165.6	(100.0)
(% of Total for Indonesia)	(8.2)	(7.7)		(7.1)	(5.6)		(6.9)	(3.9)	
Indonesia	4,456	49,940.4		1,073	14,401.5		1,296	29,567.4	

Source: The 1990/1991 Financial Account and Supplement of the Presidential Address of State, 16 August 1990.

Table 4

## FOREIGN INVESTMENTS IN EASTERN INDONESIA 1967-1989/90

Provinces	1967-1987/88			1988/89			1989/90		
	Projects	(%)	Investment (Rp Million)	Projects	(%)	Investment (Rp Million)	Projects	(%)	Investment (Rp Million)
North Sulawesi	10	(15.9)	102.7	1	(11.1)	0.5	2	(22.2)	4.7
Central Sulawesi	4	(6.3)	1.0	2	(22.2)	24.3	1	(11.1)	4.2
Southeast Sulawesi	3	(4.8)	21.4	2	(22.2)	10.0	-	-	-
South Sulawesi	14	(22.2)	1,233.2	1	(11.1)	0.3	2	(22.2)	4.5
Maluku	8	(12.7)	12.4	-	-	58.0	1	(11.1)	0.6
West Nusa Tenggara	-	-	-	1	(11.1)	3.0	1	(11.1)	1.6
East Nusa Tenggara	7	(11.1)	17.5	-	-	-	2	(22.2)	9.5
Irian Jaya	17	(27.0)	287.1	2	(22.2)	617.3	-	-	-
East Timor	-	-	-	-	-	-	-	-	-
Total EI	63	(100.0)	1,675.3	9	(100.0)	713.4	9	(100.0)	25.2
(% of Total for Indonesia)	(6.3)		(8.9)	(3.9)		(22.9)	(2.0)		(0.4)
Indonesia	1,000		18,829.5	229		3,110.7	448		5,730.9

Source: The 1990/1991 Financial Account and Supplement of the Presidential Address of State, 16 August 1990.

ness of this policy is being studied systematically. To what extent can authority be given to the regional governments in expanding and accelerating EI's development in such a way that this effort will always be consistent with the development of the integration of the national economy, including that be-

tween EI and WI? To what extent can freedom be given to EI provinces to develop direct relations in various fields with certain adjacent areas abroad, e.g. between East Nusa Tenggara and East Timor on the one hand and Australia on the other? All these need answers.

## IGGI Meeting 1990: Comfortable Level of New Commitments

*Djisman S. SIMANDJUNTAK*

**F**OR the 33rd time since its establishment, International Governmental Group on Indonesia (IGGI) has proved its usefulness as a consortium of creditors which in the last three years have contributed about 94% to the financing of the external capital requirement of the Indonesian economy. The two days meeting in The Hague pledged a total credit of US\$4,515.9 million. Bilateral credits account for 43.7% of this total commitment while the rest is in the form of multilateral credits. Project aid constitutes the largest part of the 1990/91 pledge. The share of programme loan or special credit as it is popularly known in recent years is reduced, though it remains substantial in absolute terms. With a share of 34% World Bank ranks highest among the creditors followed closely by

Japan with a share of 32%. In addition to the IGGI pledge, another special credit of US\$230 million was also agreed of which US\$200 million is committed by the Exim Bank of Japan.

With the high speed at which conditions of the global economy can change it is difficult to judge a priori whether the new pledge will turn out to be insufficient, adequate or excessive. However, considering the expected inflows of direct and indirect foreign investments, external borrowing of the private sector as well as non-ODA borrowing of the government, the IGGI commitment fits neatly in the macroeconomic scenario which underlies the government budget for the fiscal year 1990/91. IGGI has, in other words, once again demon-



strated its flexible lending policy toward Indonesia. Nonetheless, this 33rd meeting was not a pure routine.

After the presentation of the 1990/91 draft budget in January some ministers indicated that the amount of new debt as budgeted for this fiscal year may not be easy to secure. The last few years have witnessed a strong decline of capital commitment to developing countries, reflecting somehow the aid fatigue which is said to have afflicted major creditors. Eastern European countries which have just made an exodus from authoritarianism to democracy are all in need of big capital to sustain their economic reforms. The enthusiasm shown by Western Europe, United States and Japan about these historical changes has caused some worries among developing countries about possible major diversion of international capital to the "new democracies." For various reasons, Japan with its large share in the total capital inflow to Indonesia especially in the last three years, indicated in its ODA Report 1989 a need for new priorities in its development lending policy.

To some extent, this year's IGGI meeting was also preceded by some political debates. There were discussions in the Netherlands about the postponement of a small amount of special credit as a reaction to the decision of the government of Indonesia to execute prominent communist leaders who were sentenced in connection with the 1965 coup. Jan Pronk, the ex-officio chairman of IGGI, made a statement to the effect that the Netherlands was not using its ODA as a political stick when he made the usual preparatory visit to Indonesia. However, the way in which he toured the slums of Jakarta during this visit irritated some Indonesians. Even the debates on the global warming and the

need to control deforestation in the tropics were also found among the issues that formed the overture of this year's annual meeting of IGGI.

The political colouring of IGGI did not get out of hand, partly perhaps because of the clear statement made by Prime Minister Kaifu of Japan when visiting Jakarta this year. Nevertheless, the government of Indonesia found it necessary to restate its policy of never accepting an aid which is tied to any political conditions. Some economic ministers who are best informed about the resource gap facing the economy, even talked about the readiness of Indonesia to adjust to a possible cut in IGGI commitment. Such a statement appears credible in view of the improved saving performance of the economy as well as increased inflow of non-ODA capital. However, this improvement cannot obscure the fact that fresh ODA in big amount is still needed to finance current account and debt repayments.

Success is perhaps the best collateral creditors can ask from a debtor. In this respect, Indonesia has a better record compared to the rest of heavily indebted developing countries. Its growth performance has picked up strongly, non oil exports in general and exports of manufactured products in particular continue to rise at a relatively high speed, the probability of oil prices going down below the level which is used in the preparation of the state budget is low, new approval of private investments, including that of FDI has been rapidly increasing with export-oriented investments accounting for a larger share, national saving as a fraction of GNP has improved and the recent yen depreciation against US dollar has resulted in a decline of both debt stock and debt services. What is more, the



government is firm in its commitment to economic reforms in spite of the popular allegation that under the new policy environment big corporations would grow bigger and bigger at the cost of small and medium enterprises. Admittedly, many problems remain unsolved such as those of unemployment, a large number of population living in poverty, regional disparity and remnants of dirigisme. However, Indonesia today is clearly a better debtor than it was in the previous five years. Creditors in the IGGI might have damaged their own image had they been less forthcoming than they actually have been in respect of lending to Indonesia, the good "boy" among heavily indebted developing countries in the vocabulary of Jan Pronk.

Problems of indebtedness will continue to confront Indonesia in the coming years. Private capital flow is not a perfect substitute for official flow at least for the foreseeable future. Given the slow speed at which project aid is implemented, it even appears too early to do away with quick disbursing special credits. However, better and better performance will be necessary to persuade the creditors in IGGI on the merits of maintaining a generous lending policy toward Indonesia.

Higher growth rates and a narrowing current account deficit constitute only part of economic performance. Better distribution of productive assets and income is of equal importance. Therefore, more attention and resources need to be given to the attainment of this objective. Such a priority shift

applies also to government borrowing. More investment is needed to improve physical and social infrastructure in rural areas and in the poverty belts of major cities. There is also a need for the promotion of non-farm generating activities in view of the slow speed of sectoral restructuring in employment. Fresh approaches to facilitating the growth of small and medium enterprises have increasingly been felt. The last economic census revealed among others the multidimensionality of the problems afflicting small enterprises, implying that a promotion policy centred on financial injection is not likely to produce a breakthrough. Networking with large enterprises is indeed perceived to be of much greater importance to the development of small and medium business. Furthermore, prudent industrial and trade policy will increasingly be needed. Macroeconomic prudence alone will turn out to be inadequate to persuade Japan, France, the United States, the World Bank and the Asian Development Bank on the creditworthiness of the Indonesian government.

On their own side, creditors in IGGI are well advised to stick to their wise attitude of not mixing too starkly development lending policy with politics. In most cases, the use of ODA as an instrument of leverage has not only proved to be a failure, it also has worked as a boomerang to both lenders and debtors. In other words, a higher level of sensitivity will be needed if IGGI is to maintain its status as an outstanding, if not the only example of a well-functioning institution in the world of development lending of the 1980s and, perhaps also the 1990s.

# Nahdlatul Ulama and Politics: A Search for Identity

Syamsuddin HARIS

## Introduction

THE 28th Congress of the Nahdlatul Ulama (NU) at Krapyak, Yogyakarta from November 25 to November 28, 1989, finally reconfirmed its decision to return to its *khittah* (spirit) of 1926. Five years earlier, through its 27th Congress at Situbondo, East Java, NU decided to return to its *khittah* of 1926, and to accept Pancasila as the sole principle of the organization.

Its decision to accept Pancasila was in itself quite surprising for the following reasons. *Firstly*, NU has been the first Muslim social organization to accept Pancasila as its sole principle ever since President Soeharto set forth his idea regarding the very issue through his state address on the 16th of August, 1982. *Secondly*, formally there is not yet any obligation for social

organizations to accept Pancasila as an organizational principle because this obligation applies only to political organizations.<sup>1</sup> In other words, there is as yet no set of rules requiring social organizations also to have Pancasila for its principle. And *thirdly*, during the 1970s the political attitude and behaviour of NU itself seemed quite critical of the Government as indicated in certain cases described below.

Having emerged as the second largest party, next only to the *Golongan Karya* (Golkar) or Functional Group in the General Elections of 1971, NU was even more convinced that it was now the party which had taken over the position of the *Majelis Syuro Muslimin Indonesia* (Masyumi), which had

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<sup>1</sup>President Soeharto's concept in 1982 was then incorporated in the 1983 GBHN (Guidelines of State Policy). In that GBHN the obligation to adopt Pancasila as the sole principle only applied to political organisations. It was only in 1985 that Act No. 8 on Social Organisations was promulgated stipulating that social organisations have to adopt Pancasila as their sole principle. As for a critical analysis on the sole principle, see Deliar Noer, *'Islam, Pancasila dan Asas Tunggal* (Jakarta: Yayasan Perchidmatan, 1983).

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been dissolved by President Soekarno in 1960. In the second General Elections since Independence NU has succeeded only not in improving its position, advancing from the third (1955 elections) to the second rank, but also in increasing its vote percentage from 18.4 per cent (1955) to about 18.6 per cent.<sup>2</sup> This gave the party selfconfidence that subsequently stimulated its participation in a more intensive way in the politics of the New Order. Therefore, when a fusion of the Muslim parties had to be accepted as an unavoidable fact early in 1973, NU not only dominated the first leadership of the *Partai Persatuan Pembangunan* or United Development Party (PPP) -- the merger of the four Muslim parties<sup>3</sup> -- but it also occupied three out of four leading positions in the party's Executive Council, namely the party's President (Idham Chalid), General Chairman of the Central Advisory Council (Masykur), and *Rois'Aam* or General Chairman (Bisri Sjamsuri) of the party's *Majelis Syuro* (Consultative Council).<sup>4</sup> In other words, PPP as the only Muslim party could be said to be under the control of NU leaders.

The first important challenge facing PPP right after the merging of parties was the

<sup>2</sup>As for the 1955 General Election, see, Herbert Feith, *The Decline of Constitutional Democracy in Indonesia* (Ithaca and London: Cornell University Press, 1973). As for the result of the 1971 General Election, see A. Samsuddin, et.al., *Pemilihan Umum 1971* (Jakarta: Lembaga Pendidikan dan Konsultasi Pers, 1972).

<sup>3</sup>The four Islamic Parties merging within PPP (United Development Party) were respectively NU, Partai Muslimin Indonesia (Parmusi, thereafter called MI), Partai Serikat Islam Indonesia (PSII or SI), and Partai Pergerakan Tarbiyah Islam (Pertti). See, Fachry Ali and Iqbal Abdurrauf Saimima, "Merosotnya Aliran dalam Partai Persatuan Pembangunan," in *Prisma* No. 12 (December 1981), pp. 24-43.

<sup>4</sup>See Umaid Radi, *Strategi PPP 1973-1982* (Jakarta: Integrita Press, 1984), pp. 91-93.

Marriage Bill, which was presented by the Government to Parliament in 1973. This Bill was totally rejected by PPP because all articles in it were considered to be against Islamic teachings. In fact, there were two schools of thought which developed within PPP in dealing with this Bill.<sup>5</sup> The *first* was represented by those who bluntly rejected the Bill because it was in contradiction with Islamic teachings. This group was led by Jusuf Hasjim and Achmad Sjaichu; and the *second* was represented by those who tried to find a solution by modifying the articles to make them conform to Islam. This second group was led by Masjkur and Bisri Sjamsuri. Nevertheless, the different approaches did not diminish their solidarity in opposing the Government-sponsored Marriage Bill.

After the 1977 General Elections which were marked by a rivalry between "the Government and Islam,"<sup>6</sup> NU's posture in PPP became even stronger and more critical. In the General Session of the People's Consultative Assembly in 1978, the NU faction refused to approve the decision on the guide the practice and implementation of Pancasila (P-4), because it was considered an "interpretation" of Pancasila which would actually blur this national ideology.<sup>7</sup> Likewise, when a voting was held on so-called *aliran kepercayaan* (belief in God beyond organized religion) to be included in the Guidelines of State Policy, the NU faction walked out of the session. For NU, any recognition of the contradicts the *aqidah* (faith), because according to Bisri Sjamsuri's

<sup>5</sup>Ibid., pp. 115-133.

<sup>6</sup>R. William Liddle, "Indonesia 1977: The New Order's Second Parliamentary Election," *Asian Survey*, Vol. 28, No. 2 (February 1978).

<sup>7</sup>Radi, *Strategi PPP*, pp. 146-149.

it was considered *syirk* (polytheism), religious instruction.<sup>8</sup>

The staunch attitude and behaviour of NU continued when a discussion was held on the General Election Bill in Parliament in 1980. When this Bill was about to be passed as a Law by Parliament, the NU faction in PPP refused to attend the session. For NU, the General Election Bill did not guarantee a democratic process of the elections.<sup>9</sup> The objective which NU (as well as other elements within PPP) really strove for was the position of political organizations as members and deputy chairmen in the KPPS (team for the implementation of voting), while the Government only proposed a supervisory status for political organizations within the KPPS.<sup>10</sup> This case subsequently became a bone of contention between NU and MI within PPP. In a different form NU's "vocal" stand was also reflected when Rachmat Muljomiseno and Nuddin Lubis of NU stated that "they could understand" the manifestation of concern by 50 leading social figures (who subsequently became known as "Petition of 50"), whereas the other three elements were inclined to keep silence.<sup>11</sup>

Although not quite as adamant as in the past years, NU's critical attitude could still be noticed in the early 1980s. The momentum was supplied by the National Congress of NU Ulemas at Kaliurang, Yogyakarta, 1981. In that situation when nearly all social

groups and organizations "competed" with one another in renominating President Soeharto for the next term and for offering him the predicate of "Father of Development," NU went against the tide by abstaining from issuing a similar declaration.<sup>12</sup>

The present article tries to answer two questions. *Firstly*, how does NU actually view political life, as its behaviour changes every time? And *secondly*, what is the essence of NU's political behaviour which is inclined to keep fluctuating so that Achmad Siddiq, General Chairman (*Rois'Aam*) of the NU's Consultative Council for one felt it necessary to state that "NU's route" was actually clear enough?<sup>13</sup>

### From a Congregation to a Political Party

NU is one of the oldest Moslim organizations established in the early period of the growth and development of the Nationalist Movement. This organization was born from a religious outlook which was a reaction of the ulemas to reformist actions undertaken by "Muslim modernists,"<sup>14</sup> especially the *Muhammadiyah* association.

In the first years after its founding it could be said that there were no spectacular religious activities of this ulema organization. Nevertheless the organization soon

<sup>8</sup>Ibid.

<sup>9</sup>See Syamsuddin Haris, "Konflik NU-MI dalam PPP Menjelang Pemilu 1982," Academic thesis for Political Science, National University, Jakarta, 1984.

<sup>10</sup>Ibid.

<sup>11</sup>*Tempo*, 9 August 1980.

<sup>12</sup>Ali and Saimima, "Merosotnya Aliran," p. 30.

<sup>13</sup>This statement was made when presenting the opening speech or *khutbah iftitah* of NU's 28th Congress in Yogyakarta. See *Kompas*, 26 November 1989.

<sup>14</sup>As for the initial growth of the "Islamic Modernist" movement, see Deliar Noer, *Gerakan Moderen di Indonesia 1900-1942* (Jakarta: Dian Rakyat, 1980), p. 171.



gained the sympathy of the Muslim community, particularly in Java. In the 1930s NU had already 68 branches with a membership of about 67,000.<sup>15</sup> NU originally developed from Surabaya, subsequently it spread to Kediri, Bojonegoro, Kudus, and other areas, as far as Banten in the West end, and in 1930 it even established a branch in Kalimantan (Borneo).<sup>16</sup> When its 12th Congress was held in Malang, 1937, this organization of *kiyais* (traditional scholars) already had 71 branches and increased the number to 120 branches in 1942.<sup>17</sup>

NU's rapid development was particularly aided by the kinship relations among the ulemas or *kiyais* and by the close interconnections of the network of *pesantrens* (religious schools) owned by those ulemas, which has been typical of traditional *pesantrens* in Java. NU as an organization centred in Java is also reflected in the way the congresses of this organization are conducted. The first ten congresses (1935) all took place in Java, and it was not until 1936 (the 11th) that the congress was held outside Java (i.e. Banjarmasin, South Kalimantan).<sup>18</sup>

As a religious congregation or organization, NU's aim was originally not very clear.<sup>19</sup> This lack of clarity was possibly due to the fact that NU's birth itself was rather a reaction to the reformists and the political

development in *Hijaz*, Saudi Arabia. Therefore it was not surprising that in the first congress through the third (1928), NU still attacked the modernists and opposed the changes effected by the *Wahabis* in *Hijaz*. Initially, too, NU actually did not engage in politics as did Muhammadiyah.<sup>20</sup> In short, NU's aim was to promote the orthodox view through the four Islamic schools of thought, mainly the *Hanafi*, *Maliki*, *Syafii*, and *Ham-bali* schools, by maintaining relations among ulemas, control of the use of classical books at the *pesantrens* (school for Koranic studies), expansion of the number of *madrasahs* (another kind of religious schools), and improving its organization, aiding the mosques, neighbourhood prayerhouses (*langgar*) and *pesantrens*, and also by caring for orphans as well as the needy and the poor.<sup>21</sup> As compared with Muhammadiyah's aim which focussed upon education, NU's religious goal was in fact not too clear-cut, being too broad and too general. Consequently NU's activities, particularly in colonial times, were more a reaction to the *policy* of the Netherlands East Indies government, than activities that "purely" originated from NU's own initiative.

That reality reflects at least two things. *Firstly*, as a congregational organization, NU was actually still searching for its proper identity as implicit in its activities that were inclined to be merely reactive. *Secondly*, NU gave itself a chance to somewhat renew its orientation, thus evolving from a merely religious orientation toward a political one. This became evident in the non-cooperative movement it displayed, even though it was still cultural in nature.

<sup>15</sup>AK Pringgogidgo, *Sejarah Pergerakan Rakyat Indonesia* (Jakarta: Dian Rakyat, 1980), p. 171.

<sup>16</sup>Noer, *Gerakan Modernis Islam*, p. 252.

<sup>17</sup>Ibid., p. 250.

<sup>18</sup>Since its existence, NU has only held its Congresses outside Java three times, namely in Banjarmasin (1936), Palembang (1952), and Medan (1956). See HA Aziz Masyhuri, *NU dari Masa ke Masa*, Vol. 2 (n.p. 1983), p. 189.

<sup>19</sup>Noer, *Gerakan Modernis Islam*, p. 250.

<sup>20</sup>Pringgogidgo, *Sejarah Pergerakan*, p. 96.

<sup>21</sup>Ibid., p. 96; see also Noer, *Gerakan Modernis Islam*, p. 251.



This shift in the organizational orientation of the ulema was apparently also stimulated by the rift occurring in *Syarikat Islam* (Muslim Federation), causing its authority as a Muslim political movement to wane. Besides, its inclination to renew this orientation had already been apparent since the 11th NU Congress at Banjarmasin (1936). In this congress it was decided that according to the *fiqh* (Islamic jurisprudence), the Netherlands East Indies, a state governed by "unbelievers" must be defended because historically this country used to know Muslim kingdoms, part of whose population still professed and practiced the teachings of Islam, while Islam itself was not being disturbed and harrassed.<sup>22</sup> Subsequently among the spectacular political activities of NU were its involvement in the founding of the *Majelis Islam A'la Indonesia* (MIAI) or Indonesian Supreme Islamic Council together with Muhammadiyah (1937), its support for the demand for a Parliament, together with the *Gabungan Politik Indonesia* (GAPI) or Indonesian Political Association in 1939, as well as its involvement in the *Majelis Syuro Muslimin Indonesia* (Masyumi) during the Japanese occupation period.<sup>23</sup>

The period of the Indonesian revolution for independence (1945-1949) was a time of great patriotism for the entire nationalist movement, including religious organizations like NU. This period may even be said to have provided a momentum for NU to reveal its identity which became more and more politically oriented. This can be seen e.g. in

<sup>22</sup>Abdurrahman Wahid, "Kata Pengantar" in Einar Martahan Sitompul, *NU dan Pancasila* (Jakarta: Sinar Harapan, 1989), p. 9.

<sup>23</sup>As for the Japanese period, see Harry J. Benda, *Bulan Sabit dan Matahari Terbit* (Jakarta: Pustaka Jaya, 1980).

the pronouncement of the *Jihad Resolution* which called upon the Muslim community to perform the *jihad* (holy war) against the Dutch in order to defend the home country, which was compulsory for every Muslim.<sup>24</sup> But what is worth noting in this period was the fact that NU officially became a special member of the Masyumi political party (1945). But it was disappointed by the latter because in its congress in Yogyakarta (1949), the *Majelis Syuro* or Consultative Council where the NU ulemas had their seats was changed in status, from a kind of legislative body into a mere advisory body.<sup>25</sup>

This change in the status of the Majelis Syuro was the root of NU's dissatisfaction with Masyumi, and this finally led to the withdrawal of this ulema organization from Masyumi in 1952. According to NU circles, with this change Masyumi had altered its character and had thus changed from an organization which accommodated ulemas into a new one which did not respect them.<sup>26</sup> In other words, the granting of merely advisory function to the Majelis Syuro was felt as an effort to push aside religious considerations in the decisions to be taken and in the policy to be adopted by the party, so that Masyumi increasingly showed its character of a semi secular party.<sup>27</sup> On the other hand, for NU, its position in the Majelis Syuro was a manifestation of its own leadership structure which placed the Consultative Board or *Syuriah* (consisting of ulemas) as the "super-

<sup>24</sup>Slamet Effendy Yusuf, et.al., *Dinamika Kaum Santri* (Jakarta: Rajawali, 1983), p. 80.

<sup>25</sup>Deliar Noer, *Partai Islam di Pentas Nasional* (Jakarta: Grafiti Press, 1987), pp. 80-81.

<sup>26</sup>Ibid., p. 81.

<sup>27</sup>Yusuf, *Dinamika Kaum Santri*, p. 41.

visor" which supervised and guided the steps and movements of the organization.

If not expressly stated, NU's disappointment with Masyumi seemed to be connected also with the appearance of Mohammad Natsir as chairman of the party in the 1949 Congress. For NU, relations with Natsir were relatively more difficult than with Sukiman.<sup>28</sup> Although both of them were Western educated, Natsir used to be a member of *Persis*, a reformist Muslim organization which was relatively more "radical" in its efforts to "purify" the teachings of Islam. Unlike Sukiman, Natsir had a more profound knowledge of Islam, so that he could be considered as an ulema of the modernists. In this connection, the change in the status of the Majelis Syuro could have been partly related to Natsir's conviction that Masyumi was more in need of "managers" and intellectuals than mere ulemas.

But aside from those two factors, the most important one causing the withdrawal of NU from Masyumi was NU's demand for the post of Minister for Religious Affairs in the Wilopo cabinet, although this was often denied by NU leaders themselves, such as Saifuddin Zuhri and Idham Chalid.<sup>29</sup> Through the "good offices" of Sukiman as a co-premier-designate, Wahab Hasbullah, General Chairman of the NU Executive Council, voiced his hope that Masyumi would include one NU man as Minister for Religious Affairs in the cabinet to be formed.<sup>30</sup> As far as NU was concerned, this demand for the post of Minister for Reli-

gious Affairs was reasonable because NU was a major Muslim organization in Indonesia. The problem, however, was that apart from NU, Masyumi itself was made up of various elements, so that the party's considerations were also more or less made on the basis of the majority, the more so after NU had become a minority in this party ever since the 1949 Congress.

As a consequence of these successive disappointments, the NU Executive Council finally decided in its meeting in Surabaya (April 5, 1952), to withdraw from Masyumi, a decision that was subsequently endorsed in the 19th NU Congress in Palembang in the same year. Since then NU has more formally engaged itself in political activities, mainly by establishing a political party of its own. Nevertheless its decision to become an independent political party had at least three implications. *Firstly*, NU's religious orientation as a congregation became more and more blurred. As one can see in the subsequent part of this article, its religious outlook or more exactly its all "fiqh" (legal religious) view<sup>31</sup> was emphasized merely to sanction its political behaviour. *Secondly*, as a consequence of the first implication, NU became too much politically oriented. Politics was indeed viewed as a "real phenomenon which had to be dealt with in all its alternatives."<sup>32</sup> And *thirdly*, as a consequence of the second implication, NU relatively needed more "political managers" than kiyais who were only well versed with classical books popularly known as "yellow books." This

<sup>28</sup>Noer, *Partai Islam*, pp. 89-90.

<sup>29</sup>Successively as quoted by Yusuf, et.al., *Dinamika Kaum Santri*, p. 42; Noer, *Partai Islam*, pp. 87-88.

<sup>30</sup>As for the rift between NU and Masyumi see also, Feith, *Democracy in Indonesia*.

<sup>31</sup>As for the NU's "all Fiqh" outlook see Abdurrahman Wahid, "NU dan Islam di Indonesia Dewasa Ini," *Prisma* (4 April 1984).

<sup>32</sup>Mahrus Irsyam, "Bendera Hijau dalam Cakrawala Politik Indonesia," *Panji Masyarakat*, No. 283, 1981, p. 39.



need for "non-kiyai" circles was not only due to the fact that "looking for university graduates within NU was like looking for ice vendors at one o'clock A.M.,"<sup>33</sup> but it also arose in connection with efforts to balance Masyumi that had a lot of intellectuals and philosophers, and to cope with the competition preceding the 1955 General Elections. Therefore it was not surprising that the course of NU from the 1950s through the 1960s was marked by the entry of "non-kiyais" who subsequently not only played a role in this ulema organization, but gradually eased out the role of the ulemas themselves who were previously recognized as "supervisors" of this Muslim organization.<sup>34</sup>

The period since NU withdrew from Masyumi was one full of conflicts among the existing parties, especially between Masyumi on the one hand and the Indonesian National Party (PNI) on the other. Before the 1955 General Elections both of these were the biggest factions in the Provisional Parliament whose members were all appointed by the President. The intense competition among them in Parliament caused all cabinets to be short-lived, especially because their continued existence depended heavily on the horse trading within the Provisional Parliament. Meanwhile outside Parliament at least two noteworthy events occurred, namely the uprising of the *Darul Islam* (DI) and *Tentara Islam Indonesia* (TII), an extremist movement promoting an Islamic state, led by Kartosuwiryo, which had not been fully surmounted; and the internal upheavals within the Armed Forces which eventually culmi-

nated in the "October 17, 1952 Affair."<sup>35</sup> It was in such a situation that NU decided to "divorce" itself from Masyumi and to form a party of its own.

After its exit from Masyumi, NU formed a coalition with the ruling PNI faction (in the Wilopo Cabinet) after the fall of the Sukiman (Masyumi) Cabinet. Therefore after the subsequent demise of the Wilopo Government -- which included Faqih Usman, the Minister for Religious Affairs of Muhammadiyah -- NU's chance to regain the post of Minister for Religious Affairs increased. And the party eventually gained this opportunity with the appointment of Masykur as Minister for Religious Affairs in the Ali Sastroamidjojo Cabinet (I), succeeding Faqih Usman.

It was at the time when Masykur was Minister for Religious Affairs that the title of *Waliyul Amri Dharuri Bissyaukah* (Provisional Head of the Government with full power) was conferred on Soekarno as Head of State. This title was presented in an ulema congress which was dominated by NU and was indeed initiated by the Minister for Religious Affairs, who was from NU. The aim of conferring this title was to vest full power in the President because the existence of the state was considered legal or valid according to the *Fiqh*. By the full power vested in him, the ruler was entitled and had the legal authority to appoint officials for religious affairs by delegating his authority to the Minister for Religious Affairs.<sup>36</sup> But the presentation of this title was criticized by the reformist Muslim faction because it regarded Indonesia as a state not based on Islam.<sup>37</sup> The criticism of the modernists was indeed

<sup>33</sup>Wahid Hasjim, *Mengapa Memilih NU?* (Jakarta: Inti Sarana Aksara, 1985), p. 102.

<sup>34</sup>Compare, Yusuf, *Dinamika Kaum Santri*, pp. 119-120.

<sup>35</sup>Feith, *Democracy in Indonesia*.

<sup>36</sup>Wahid, "NU dan Islam," p. 34.

<sup>37</sup>Noer, *Partai Islam*, pp. 341-343.



understandable because the congress of ulemas in question had been claimed to be the voice of all ulemas throughout Indonesia,<sup>38</sup> especially as a clause had been appended that this decision "must be adhered to by the people."<sup>39</sup>

The outcome of the 1955 General Elections which made NU one of the "big three" (PNI, Masyumi, NU), was special achievement for the new party. NU was increasingly reckoned with by the other parties and also by Soekarno. With the strength it possessed NU came to the fore together with the other Muslim parties (Masyumi, PSII and Perti) to fight for an Islamic foundation in the sessions of the Constituent Assembly. Likewise when Soekarno brought forward his "conception" leading toward "Guided Democracy," together with Masyumi, the Catholic Party, *Parkindo* (Indonesian Christian Party), and the Indonesian Socialist Party (PSI), NU rejected it categorically.<sup>40</sup>

However, possibly since basically the "NU ideology" tended to be adjustable to political changes, its staunch attitude gradually became moderate, even very accommodative, after it had acquired a number of positions in "Guided Democracy." Ahmad Syafii Maarif calls this period a period of "collaboration," where NU appeared as the "political *imam*" for the Muslim factions.<sup>41</sup> On the same period, Deliar Noer writes the following:<sup>42</sup>

<sup>38</sup>Choirul Anam, *Pertumbuhan dan Perkembangan Nahdlatul Ulama* (Sala: Jatayu, 1985), p. 200.

<sup>39</sup>Noer, *Partai Islam*.

<sup>40</sup>Ibid.

<sup>41</sup>A. Syafii Maarif, *Islam dan Politik di Indonesia* (Yogyakarta: Sunan Kalijaga Press, 1989), especially Chapter IV, pp. 85-123.

<sup>42</sup>Noer, *Partai Islam*.

It seems that a difference must be made between ideology and political practice in keeping track of the attitude and viewpoint of NU, PSII, and Perti. Secondly, ideology and political practice as far as these parties are concerned, do not have to be in keeping with each other. Hence, although these parties displayed themselves in the Constituent Assembly as staunch Islam as their ideology, they were more flexible in political practice ...

The judgement of these two writers may be right in view of the fact that when the Communist Party failed in staging a coup d'état through its "September 30 Movement" (1965), NU for instance, was one of the first to criticize the Communist Party and "the Old Order,"<sup>43</sup> which also meant criticizing Soekarno who was previously so adored and revered by this ulema organization. And as will be discussed in another section of this article, this political behaviour, which tended to be changeable, repeated itself in the next period.

## NU's Ideology and Political Outlook

There was thus a time when this Muslim social organization was fighting so vigorously for the establishment of Islam as an alternative ideology, as in the sessions of the Constituent Assembly, but, in the period of Guided Democracy it became so accommodative. As discussed at the beginning of this article, this kind of change in behaviour may also be seen under the New Order. It may be difficult to understand unless one understands the ideology and doctrine of the *ahlussunnah wal jamaah* (henceforth called the *Sunnites*), which NU adheres to. As Zamakhsyari Dhofier puts it, "as in essence NU is a religious organization, its political aims are fully contained in its religious goals."<sup>44</sup>

<sup>43</sup>Anam, *Pertumbuhan dan Perkembangan*.

<sup>44</sup>Dhofier, *Tradisi Pesantren*, p. 171.



In NU's view, the phrase *ahlussunnah wal jamaah* may be defined as "followers of the tradition of the Prophet Muhammad and of the *ijma* (consensus)<sup>45</sup> of the ulemas." This conception at once sets them apart from the "Muslim modernists" who, in spite of their claim that they are also "followers of the Prophet's tradition," reject the ulemas' *ijma* as one of the sources of Islamic. The *Sunnite* teaching concept as developed by NU is based on 3 (three) principles, namely, adherence to Al Asyari and Al Maturidi in confirming the Oneness of Allah (*tauhid*), adherence to one of the four schools of thought or *mazhabs* (Hanafi, Maliki, Syafii and Hambali) in the *fiqh*, and adherence to the concept of Al Junaid Al Baghdadi and Al Ghazali in mysticism or *tasawuf*.<sup>46</sup>

The specifications in NU's views derive from the *fiqh* (Islamic Law) tradition it has developed. Although NU professes to adhere to all four schools of thought, in *fiqh* matters it tends to hold fast to the Syafii view. This school is known for its flexible view, which is not "black and white," but rather openminded and adaptable, so that some people refer to Syafii as "the moderate *imam* (leader)."<sup>47</sup> Besides, NU's religious view is a perfection of those values.<sup>48</sup> This means that between the *Sunnite* view adhered to by NU and the local reality there are no tensions or conflicts, but on the contrary, there is a process of dialogues in which one dialogue constitutes an inspiration for another. This

may account for the fact that the organization of *kiyais* founded in 1926 is still able to survive amidst various currents of change.

Besides, NU's view concerning the *fiqh* seems adaptable because it is guided by the conviction that this law came into being after a certain effect (*al hukmumaal illat*).<sup>49</sup> In other words, the *fiqh* tends to be accommodate existing reality, be it structural or cultural. The consequence of such a view is that there is no longer criticism in the teachings or doctrines with regard to reality, for the corrective and critical power of religion ends the moment those *fiqh* texts serve to provide legitimacy for reality. That is to say that religious framework is no longer used to judge reality, but it is even applied to "rationalize" reality.<sup>50</sup> And apparently it is this kind of religious character that has eventually shaped NU's perception of politics in general, and its view on the state, power, and political change in particular.

NU's view of politics can be understood partly in light of the concept of *ahlussunnah* regarding state and government (ruler). With regard to the state, the Syafiite school of thought holds that there are three types of state, namely: *dar Islam* (the Islamic state), *dar harb* (the state for war/the anti-Islamic state), and the *dar sulm* (the peaceful state).<sup>51</sup> The first and the third types of state may be opted by the Muslim community. Should, however, *dar Islam* not be attainable, the "peaceful state" has to be accepted as a reality. Thus a state's government is not

<sup>45</sup>Ibid., p. 148.

<sup>46</sup>Ibid., p. 149; see also Abdurrahman Wahid, "NU dan Islam" p. 33.

<sup>47</sup>Farouq Abu Zaid, *Hukum Islam Antara Tradisionalis dan Modernis* (Jakarta: P3M, 1986), p. 28.

<sup>48</sup>See "A Speech" in *Hasil Muktamar Nahdlatul Ulama ke-27 Situbondo* (Semarang: Sumber Barokah, 1986).

<sup>49</sup>See Mahrus Irsyam, *Ulama dan Partai Politik* (Jakarta: Yayasan Perkhidmatan, 1984), p. 21.

<sup>50</sup>For an interesting discussion on this matter, see Taufik Abdullah, *Islam dan Masyarakat* (Jakarta: LP3ES, 1987) especially Chapter I.

<sup>51</sup>Wahid, "Kata Pengantar," p. 10.

judged by its normative value, but by its function.<sup>52</sup> Based on the thoughts and tradition of the *fiqh* of this type, the task of religion is not to look for an opportunity to establish *dar Islam*, but exactly to provide legitimacy for the current political process.<sup>53</sup> In other words, the Sunnite doctrine adhered to by NU is apparently full of "tolerance" in understanding and interpreting the relationships between religion and state in Islam.

This means that textually NU's problem with the state was actually "settled" when the *kiyais* felt the need to rally within this organization. But possibly the problem is not the simple. At all events, such questions as why NU returned to its *khittah* (spirit) of 1926, only after it had been in existence for 58 years; and why its ideological concept had not been abandoned until it was required to accept Pancasila as the sole principle, are unavoidable.

Then, what is NU's view or perception of the government (ruler)? Theologically there are three fundamental views held by NU on this matter. *Firstly*, the presence and appointment of a leader are compulsory; *secondly*, leadership (*inamah*) has been created to succeed the function of the Prophet in safeguarding religious teachings and regulating worldly affairs; and *thirdly*, the leader (*aminir*) who is appointed through a consensus within the (Islamic) community must be obeyed.<sup>54</sup> Once the state power is legalized, there is no longer any reason for rejecting the government as a mechanism for regulating life, without having to take into

account the behaviour of the ruler himself.<sup>55</sup> Or as one NU leader puts it "if a leader should be a tyrant, this is still better than having a society without a leader."<sup>56</sup> This implies that tyranny is not a criterion for the legitimacy of a leader from the *fiqh* point of view. What matters is the extent to which a ruler protects the continuity of the *syariah*, and differentiates between the "domain of religious authority" -- especially the *aqidah* (faith) -- and the "domain of state power" in reality. Thus when and if the state interferes in "domain of religious authority," tensions or conflicts between these two domains are bound to arise.

NU's critical attitude in the case of the Marriage Bill and the *aliran kepercayaan* is understandable from this viewpoint. This means that NU circles in particular contend that it is not proper for the state to take part in regulating "the sacred domain" -- as Taufik Abdullah puts it -- of religion. *Aliran kepercayaan*, which does not have a clear source, is regarded as an offence to one's belief in God, if put on a par with religion or recognized as equal to it.

In such a situation the "ideological concept" may as well be brought forward, should the authority of religion be really undermined by the state, while legitimization by the *fiqh* may be "arranged" later. Perhaps two things may be said in this connection. *Firstly*, NU's own behaviour tends to be reactive throughout the course of its history. *Secondly*, the reality of power is nowhere static in nature. Indeed, the "all-*fiqh*" view is not sufficient to explain NU's political behaviour.

<sup>52</sup>Ibid.

<sup>53</sup>Interview with Abdurrahman Wahid, General Chairman of NU, Executive Board, 16 March 1989 in Jakarta.

<sup>54</sup>*Hasil Muktamar*, pp. 93-95.

<sup>55</sup>Wahid, "NU dan Islam," p. 34.

<sup>56</sup>Interview with Ghofar Rahman, Vice Chairman of NU Provincial Executive Board in East Java, 2 March 1989 in Surabaya.



NU was founded in 1926 as nothing but a response on the part of the “kiyais” to efforts to “reform” Islam, undertaken particularly by Muhammadiyah. And NU’s secession from Masyumi (1952) was another form of the kiyais response to the Masyumi leadership who regarded NU as not more than an association of “prayer reciters.” The latter’s acceptance of Pancasila as its sole principle and its agreement to return to the 1926 *khittah* can be understood from this point of view. That subsequently religious legitimacy was emphasized should be appreciated in the light of the argument that “NU’s political aspirations can only be understood as part of its religious aspirations,” as discussed earlier on. Therefore it is not surprising that NU’s political ideals are never formulated in a clear-cut way as in the case of those of the “Muslim modernists.” Covertly and implicitly the formulation is reflected in the strategy of its struggle, which is, for instance, guided by the norms of the *ushul fiqh* (roots of law) “one must not abandon what is not fully accomplished or discard a partial result” (*maa lam yudraku kulluhu laa yutraku ba’duhu*).<sup>57</sup> The adaptability of this “all-fiqh” view of NU on political changes may partly be understood from that point of view.

But in fact NU’s outlook on politics is never formulated in a definite way, that is, organizationally. A new formulation was introduced on the eve of the 27th NU Congress at Situbondo in late 1984, which forms part of the decision on the 1926 *khittah*.

### Kiyais and Politicians

As an organization of ulemas or “kiyais,” formally the leadership of NU is held by the “Kiyais,” especially those who are

owners of *pesantrens* (religious boarding schools), because it is through the *pesantrens* that the doctrine of the *ahlussunnah wal jamaah* is developed and maintained.<sup>58</sup> Aside from this, the “kiyais” also have their own genealogical ties, so that this tradition and intellectual network may be not only preserved, but also passed down to the next generation of kiyais. This network which also involves kinship ties among the kiyais is to be found specifically in Java.<sup>59</sup> Therefore it is not surprising that the most prominent NU leaders before independence were “kiyais” with strong bases and owning *pesantrens*.

On the other hand, however, though NU is a religious social organization, it is definitely not a closed one. This means that as an organization in the modern sense, NU requires professionals capable of managing this ever developing and expanding organization, and these professionals cannot be expected to come from among the kiyais. Apparently it was in such a situation that the “non-kiyais” started moving in and that some of these came to hold the reins of leadership within NU. This mainly started in the 1950s.<sup>60</sup> Beside this internal factor, political developments outside the organization accelerated the entry of “non-kiyais” into NU’s ranks, especially the conflicts NU went through within Masyumi. In other words, the disappointments NU experienced within Masyumi provided a momentum for the “non-kiyais” in NU to present themselves as one wing in the NU leadership outside the kiyais. It is this very group of “non-kiyais” that are referred to as “the politicians” in this writing.

<sup>58</sup>See Dhofier, *Tradisi Pesantren*.

<sup>59</sup>*Ibid.*

<sup>60</sup>See Yusuf, et.al., *Dinamika Kaum Santri*.

<sup>57</sup>See Dhofier, *Islam dan Politik*, p. 187.

Indeed, the wing of politicians within NU was in fact already reflected in the structure of the leadership of this organization itself which was called *tanfidziah* (executive council), apart from the *syuriah* (religious council). So although NU is an organization of kiyais and the *syuriah* has the authority to lead and control the *tanfidziah*, who is to lead whom depends very much on developments and trends outside NU. NU's religious tradition and doctrine itself, so adaptive in character, as pointed out earlier provided an opportunity for politicians to "take over" the leadership of this largest Muslim social organizations.

The ups and downs in NU's political behaviour, from being tough and critical to being moderate, or conversely from being "accommodative" to being "radical" seems understandable from that point of view. This implies that even though the concept of the *ahlussunnah* itself is a religious tradition that tends to be flexible, owing to the fact that the reins of leadership are not always held by the kiyais who are familiar with the religious tradition adhered to by NU, its political behaviour is apt to fluctuate from moderation to toughness or vice versa. The constant changes in NU's political behaviour seems evident in the context of the shift in leadership within NU's elite.

NU's "radical" period,<sup>61</sup> when its political behaviour was as it were a *photocopy* of Masyumi's in the 1950s,<sup>62</sup> as was apparent throughout the 1970s, seemed to be a consequence of the domination of the "politicians" in the leadership of the largest Muslim

social organization. Although Bisri Syamsuri, General Chairman of the Syuriah in NU, concurrently General Chairman of the *Syuro* (same as *Syuriah*) in the United Development Party (PPP), was himself a very influential great ulema in NU circles, he was surrounded by "politicians" who had been "brought up" by Idham Chalid, so that it was difficult for the kiyais collectively to affect the trend in NU's behaviour. Hence it is not surprising if the idea to return to the 1926 *khittah* which had actually occurred at the 15th Congress in Surabaya (1971) had not yet been accorded a positive place or response. The idea gained wide support, however, when PPP's General Chairman J. Naro really neglected NU's aspirations in the Provisional List of Candidates for PPP which had been presented for the 1982 General Elections.

Nevertheless, the desire of "politicians" like Mahbub Djunaidi, Yusuf Hasjim, and Chalik Ali, to get NU once more intensely involved in politics, was actually never given up. This was not only reflected in Mahbub Djunaidi's idea of "*khittah* plus" after the 27th Congress five years ago, but it was also voiced again in the recent 28th Congress.<sup>63</sup> The generation of Mahbub cs. was a generation of leaders when NU was involving itself fully in formal politics. Through the "*kittah* plus" they desired for NU to retain its identity as a political organization, apart from its identity as a religious organization as reflected in NU's decision to revert to the 1926 *khittah*. But at the same time the young scholars and intellectuals of NU like Abdurrahman Wahid, Ghofar Rahman (Surabaya), and Tholhah Hasan (Malang) became concerned about NU's development in general and its political involvement in parti-

<sup>61</sup>Mitsuo Nakamura, *Agama dan Perubahan Politik: Tradisionalisme Radikal Nahdlatul Ulama di Indonesia* (Surakarta: Hapsara, 1982).

<sup>62</sup>Fachry Ali, "Penomona Politik NU Dewasa Ini," *Kompas*, 24 November 1981.

<sup>63</sup>See *Kompas*, 11 November 1989.



cular. At least there are 2 (two) sources of concern for these younger circles.<sup>64</sup> *Firstly*, NU, as a religious organization, was increasingly lagging behind because all thoughts were directed toward political activities. And *secondly*, the authority of the kiyais as NU's leaders and supervisors kept sagging, and yet NU is an organization of kiyais or ulemas. Based on this reality they intensively discussed and formulated the idea to return to NU's existence as a *jamiah diniyah* (religious social organization). This idea increasingly gained momentum when Idham Chalid, General Chairman of NU's Executive Council, concurrently President of PPP, failed in the effort to promote NU's interests in PPP, which was signified by the easing out of figures like Saifudin Zuhri, Yusuf Hasjim, Rachmat Muljomiseno, Imron Rosjidi, Masjkur, Chalik Ali, and Mahbub Djunaidi.<sup>65</sup> In this way, the decision to go back to the 1926 *khittah* through the *Muktamar* (Congress) in Situbondo (1984) which was subsequently reconfirmed in the Congress of Yogyakarta (1989) can basically be regarded as: *firstly*, an effort to restore the position of the kiyais or *Syuriah* as NU's leaders and supervisors; *secondly*, a restoration of NU's identity as a *jamiah diniyah*.

## Concluding Remarks

It is worth noting in spite of NU's birth as a religious social organization or *jamiah diniyah*, its religious goals themselves are ac-

tually not very clear. The formation of a *Hijaz* Committee (which was to become the founders of NU) was more a reaction from traditional Muslim circles to the "purifying" efforts of the modernists and an endeavour to halt the influence of *Wahabism* in the Indonesian Archipelago, particularly in Java. Its loose religious format not only caused a vague delineation of NU's field of activity as a religious organization, but more importantly, an opportunity presented itself for NU to renew its orientation from religion to politics. The formation of NU as a political party separate from Masyumi may partly be understood in this light.

Throughout the course of NU's existence, however, its political activities have merely benefitted the politicians who subsequently have acquired political positions through NU's successful performance. In other words, these political activities in fact have not been beneficial to NU as a religious organization. The reason is that the leaders and even the masses of this social organization no longer concerned themselves with religion or the propagation of its tenets, but rather focussed their attention upon "political victories." In this connection, the decision to go back to the 1926 *khittah* has been an effort to restore NU as a religious social organization. However, the problem is not that simple, because NU itself became great as a political party.<sup>66</sup> At all events the view of the "wing of politicians" regarding "*khittah* plus" indicates how difficult it still is for NU to leave the arena of politics. Likewise, with the ascendance of Idham Chalid as a candidate General Chairman of the *Syuriah* Department in the Executive Council of NU,

<sup>64</sup>Interview with Abdurrahman Wahid, Jakarta, 16 November 1989; with Ghofar Rahman, Surabaya, 2 March 1989; with Tholhah Hasan, Sidoarjo, 4 March 1989.

<sup>65</sup>Haris, "Konflik NU-MI," p. 74.

<sup>66</sup>Syamsuddin Haris, "NU dan 'Godaan Politik' Menjelang Muktamar ke-28," *Kompas*, 2 October 1989.

competing with Achmad Siddiq, was nothing but a reflection of the continuing desire of some NU circles to "triumph in politics."

The point to be made here is that the long road NU has traveled is coloured by changing political behaviour. *Firstly*, NU's flexible, adaptable religious character is inclined to accommodate itself to various political changes as indicated by a *fiqh* norm which reads as follows: *al hukmu maal illat*. Thus although politically NU's behaviour shows alterations from being critical and "vocal" to being "accommodative" or the other way around, theologically the step to accept Pancasila as the sole principle, for ex-

ample, actually constitutes a mere confirmation and continuation of the *Sunnite* school of thought which marks this organization. *Secondly*, these behavioural changes form part of the endeavour of this organization "find" its identity, as a consequence of its none too specific religious aims. Indications of this were in fact still to be found in NU's 28th Congress in Yogyakarta, when the largest Muslim social organization felt it necessary to formulate 9 (nine) political guidelines for its members.<sup>67</sup> In this respect the statement of a regional NU leader may be true, to the effect that NU was in fact looking for its "sex" identity, in order that it might be clear to society and Government<sup>68</sup> as well. How long this search for the "sex" identity will take, depends very much on the efforts made by the duumvirate of Abdurrahman Wahid and Achmad Siddiq who were reelected leaders of NU in the recent 28th Congress.

<sup>67</sup> *Kompas*, 29 November 1989.

<sup>68</sup> Interview with Syafii Sulaiman, Chairman of PWNU (NU Provincial Executive Board), Surabaya, East Java, 3 March 1989.



# Armed Forces of the Republic of Indonesia: Prospects for the 1990s

SOEDIBYO

THE Indonesian Armed Forces (ABRI) is a selfcreated armed force, in the sense that it was established neither by the government nor by a political party. The government was reluctant to raise a military force because of its policy of not antagonizing the incoming allied forces as the victorious side of the war. Derived from this position there emerged two alternatives to achieve national independence. While the government opted for the conduct of diplomacy, the armed forces, the youth (*pemuda*), based on historical evidence, believed that armed struggle was the only way to achieve complete independence on the Republic of Indonesia's terms. This different position between the government and the ABRI characterized the relationship between *ABRI and society and the ABRI and the government* within the state of the Republic of Indonesia.

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This paper will examine the role played by the ABRI in the 1980s, a decade of reorganization and regeneration in the ABRI leadership, and some prognosis of its likely role in the 1990s, the first decade of the Indonesian second long range (twenty-five years) development programme.

## Background

The ABRI is an army of national liberation, having emerged from a nation struggling for independence. The national leadership, very much afraid to be called "militarist," "fascist" or "extremist," would not immediately form an army as an instrument of power of the state. Instead the government on August 22nd 1945 formed a so-called People's Security Agency (*Badan Keselamatan Rakyat* - BKR), an organization for the purpose of protecting personal and material security locally, or security in a very limited sense. In response to the proclamation of independence and after the surrender of the Japanese, the *pemuda*, who

were militarily trained by the Japanese, took the initiative to seize arms from the Japanese. They then started to organize themselves and by the time the order to form the BKR reached the regions, a part of them then joined the BKR while the rest preferred to be an independent armed unit like the so-called student army or an armed unit affiliated with a political organization. The BKR failed to achieve its stated objectives of maintaining peace and order, and the national leadership realized that it was impossible to have a government without an instrument of power. On 5 October 1945 the BKR was transformed into a *Tentara Keselamatan Rakyat* (TKR - People's Security Army). The TKR, because of the adoption of a hierarchical military organization, improved its performance.

On 11 November 1945, while heavy fighting against British troops was going on in Surabaya, Urip Sumohardjo, who created the TKR general headquarters in Yogyakarta, organized a conference of military commanders for the purpose of formulating a general strategy for the defense of the Republic against the British and the Dutch. Before a decision could be reached, there was a suggestion that the minister of defense and the commander in chief of the army should be elected. Sultan Hamengku Buwono IX was elected minister of defense and Sudirman was elected commander in chief (*Panglima Besar*) of the army.

Syahrir in Jakarta was meanwhile busy composing his cabinet, and in his capacity as chairman of the working group of the parliament known as the *Komite Nasional Indonesia Pusat* (KNIP), moved towards changing the government, from a presidential to a parliamentary system. The reason behind the change was to show the Allies

that the Republic was a democratic state, and for the same reason he also proposed the institution of a multiparty system, in contrast to Soekarno's single party idea. Syahrir was not aware of the election of the Sultan in Yogyakarta when he decided to assign Amir Syarifuddin to the post of minister of defense. This decision created frictions between the army under Sudirman and Syahrir and it also created confusion in the military command channels. While the government imposed its authority through the minister of defense and the chief of staff, the divisional commander recognized only the commander in chief, which they had elected, as the proper authority. Only after the confirmation by the government of Sudirman as the commander in chief on December 18, 1945, was the dualism in the military hierarchy solved. But this confirmation was interpreted by the military as a recognition by the government of the autonomy of the army.

By early 1946, the government had realized that the TKR, as a military institution, was not sufficient to cope with the problems at that time. By presidential decree, on 23 February 1946, the name TKR was changed to *Tentara Republik Indonesia* (TRI - Army of the Republic of Indonesia). The TRI was supposed to unify all the armed organizations and units, the TKR and the *Laskars* (paramilitary units or partisans), into one military organization. While the TRI leadership, Sudirman as the *Panglima Besar* and Urip Sumohardjo as the Chief of Staff, regarded the TRI as the only military organization recognized by the government and the only armed instrument of the state, Amir Syarifuddin, the Minister of Defense, created the *Biro Perjuangan* (fighting bureau), an agency that assumed the position as general headquarters for the *Laskars* (ir-



regular units with party affiliation). The *Laskars* regarded themselves as the fighters and armed units for a people's revolution and had to be supported and maintained by the government. Since Amir Syarifuddin was a party man, who later became involved in the communist coup attempt in Madiun, the *Biro Perjuangan* was transformed to be the political instrument of the party.

On 3 June 1947, by Presidential Decree the name TRI was again changed to *Tentara Nasional Indonesia* (TNI - Indonesian National Army). The TNI was supposed to unify the TRI and the *Biro Perjuangan* into a single military organization and to become an instrument of the government. Syahrir, because of the Linggardjati Agreement, had to resign, and on 3 July 1947 a new cabinet was formed by Amir Syarifuddin. The effort by Amir Syarifuddin to put the TNI under his control failed, and therefore the *Biro Perjuangan* was maintained and transformed into the *TNI-Masyarakat* (TNI of the society). In response to the ideological pressure of the political parties through the government apparatus, the TNI slowly developed its own ideology as a basis for their future conduct in the struggle for independence. By then it was obvious that the Presidential Decree did not achieve its purpose, and the polarization of the ideology of the TNI and the *TNI-Masyarakat* persisted.

The Amir Syarifuddin government was blamed for the acceptance of the Renville Agreement, so he was forced to resign. On 29 January 1948 Mohamad Hatta formed a presidential cabinet, and resumed the process of structuring and rationalization of the armed forces. Sudirman opposed the rationalization scheme but regarded the structuring of the army as a necessary measure of

preparedness against eventual Dutch aggression. Guerilla warfare was accepted as the new strategy to confront the Dutch military aggression, and the TNI's posture was designed to meet such a contingency. Various armed units, especially the left-leaning *laskars* affiliated with Amir Syarifuddin and the Communist Party of Indonesia (*Partai Komunis Indonesia* - PKI) considered themselves disadvantaged by the restructuring and rationalization and rejected the scheme. The tension between the opposition and the government, and between the pro's and con's of restructuring/rationalization within the TNI and armed organizations, culminated into a PKI coup attempt, known as the Madiun Affair, which was crushed by troops loyal to the government. Because of political tensions, dissatisfaction within the TNI and the *laskars*, misunderstanding and factional interests, the objectives of the restructuring and rationalization scheme were only partially achieved. But when the Dutch launched their second military aggression on 19 December 1949, they failed to achieve their objectives, despite the arrest of Soekarno, Hatta and other prominent figures. The Dutch military faced a strong opposition from the TNI at the regional and local levels. It seems that the reluctance of the regional commander to bow to the demand of the general headquarters was a blessing.

The Round Table Conference in the Hague resulted in the transfer of sovereignty from the Dutch to a Federal Republic of Indonesia (*Republik Indonesia Serikat*) in December 1949. Soekarno was elected President and Hatta, the Vice-President, became Prime Minister and Sultan Hamengku Buwono IX Minister of Defense. The position of Commander in Chief of the

armed forces was abolished after the death of General Sudirman on January 1950. Instead the position of chief of Staff of the Armed Forces, as a coordinating function, was created. Major General T.B. Simatupang was installed as Chief of Staff of the Armed Forces, Colonel Nasution as Chief of Staff of the Army, Colonel Subyakto as Chief of Staff of the Navy and Commodore Suryadarma as Chief of Staff of the Air Force.

The TNI faced a very complex problem. During the struggle for independence the role was relatively clear, namely, to defend the Republic and to mobilize the people's support for the struggle against the reinstitution of Dutch colonialism. After achieving independence differences must be resolved by national reconciliation, and national reconstruction was supposed to be given priority. Instead the consolidation effort of the army after waging a guerilla war was hampered by internal strife, and the rift between Soekarno and Hatta affected army unity. Conflicts among political parties and interference in military affairs for the control of the army had to be countered. Rebellions instigated by ideological and separatist sentiments forced the army to take immediate action. The absence of General Sudirman and General Urip Sumohardjo, the charismatic leaders of the army, made it very difficult for the new leadership to prevent the polarization of the army and to protect themselves from outside interference. Old issues like reorganization and rationalization emerged again, and on top of that, the absorption of the Dutch colonial army into the TNI caused resentment. The Army had little time to prepare themselves for the conduct of counter-insurgency operations. With their guerilla background they instinctively

adjusted themselves to the demand of the new condition, and by intuition, training and practice they developed their skills.

Soekarno was not at ease with the Army, mainly because of his relationship with the Army leadership in the past and because of the Army's stand in Indonesian political life. But Soekarno and the Army cooperated for the reinstitution of the Pancasila ideology and the 1945 Constitution. The Army's "independent" attitude was not to Soekarno's liking. He used the PKI, the best organized political party, to counterbalance the Army's position. The PKI took advantage of the situation. A conflict was inevitable and a climax was reached when the PKI attempted a coup against the Government on 30 September 1965. Soekarno disregarded the Army's appeal to take measures against the PKI and this led to his demotion by the Provisional People's Consultative Assembly (*Majelis Permusyawaratan Rakyat Sementara* - MPRS). Without outside "interference" the ABRI was able to consolidate itself and develop into a unified military and political force.

### The Political Dimension of ABRI Professionalism

Politics consists in organizational activity in which men engage themselves to maximize their convictions about social values. By political action men attempt to realize their differing notions of the "public good." Thus politics is really a process -- a means to a value centred end -- which is meaningless except in terms of the values that give rise to political action.

Such a definition of politics is broad in its applicability to the acts men perform in a



political context. Indeed it must be, since political acts include the entire spectre of human activity. The definition is, however, quite explicit in emphasizing social values as the roots of politics. Since these shared ideas of "the good" are what makes political action unique, almost any human action can, with an appropriate value motivation and organizational setting, be termed political. Without the value drive or the organizational nexus, the same action is in the strict sense apolitical. These are Lerche Jr. and Said's concepts of politics.

Based on this concept of politics, it is understandable that the ABRI, as an outgrowth of the army of national liberation, has been involved in politics since its inception. It is also quite clear that the ABRI as part of the Indonesian people is a means to a value-centered end, that is, to be free from Dutch colonialism. Political involvement is probably inevitable because of two reasons. The *first* is the conviction of the TNI/ABRI embodied in the person of *Panglima Besar* Sudirman, who believed that the struggle for independence could only be achieved with the support of armed struggle, otherwise we had to compromise our basic value. The *second* is that Pancasila and the 1945 Constitution, the spirit in the proclamation of independence, have always been in the background. It has only become manifest and grown into a motivational force in the course of action.

A motivational force was not only necessary to mobilize the forces for the struggle for independence, but also required as basis for the unification of various groups with factional interests within the TNI/ABRI. According to Morris Yanowitz as quoted by the late Nugroho Notosusanto, then Director for Military History in the De-

partment of Defence, the factors giving rise to cohesion or discord in the officer corps of the army of a new nation are: ideological and political-alienation; ethnic, religious and social backgrounds; general and professional education; and performance.

On 19 December 1949 sovereignty was transferred by the Dutch to the Federal Republic of Indonesia, not the state as intended by the proclamation of independence and the original Republic was only one among many other "states" which had been created by the Dutch. The ABRI had to absorb units from the Dutch Colonial Army while the *laskars* who had fought alongside the TNI had to be demobilized. That situation added up to the already existing fragmentation within the TNI, and pressures from political factions to control the TNI for their own interests did not help to solve the problem. It is under such conditions that the need for a code of ethics arose. The Armed Forces Chief of Staff, Major General T.B. Simatupang assigned to a committee the task to formulate the code of ethics. This resulted in "Sapta Marga" (seven pledges), which started with the vow "We citizens of the United Republic of Indonesia based on Pancasila." The *Sapta Marga* is to serve as the ideological, political, moral and ethical guidance for the members of the ABRI, in a situation of ideological competition and political confusion. During the communist coup attempt in 1965, for units in isolated and remote areas, the *Sapta Marga* was the only foundation for making judgement regarding one's position in the face of the so-called Revolutionary Council.

After the transfer of sovereignty the ABRI leadership realized that professionalism must be implemented in the ABRI if the ABRI was to be a manageable and effi-

cient organization in the service of the state. Especially for the Army, which was a manpower intensive service, the need for consolidation was very urgent. But professionalism became a controversial issue within the army and among the political parties. Budgetary constraints and the demand for performance left the army with no choice. Professionalism had to be introduced into the army.

Professionalism has a direct link with performance. Performance, especially from the institutional perspective, is the criterion for judging the quality of professionalism. Based on Bertram Gross's concept, which applies the output-input model in a formal organization, the performance of any organization or unit thereof consists of activities to satisfy the varying interests of people and groups by producing outputs of services and goods, making efficient use of inputs relative to outputs investing in the system, acquiring resources, and doing all these things in a manner that conforms with various codes of behaviour and varying conceptions of operational, technical and administrative rationality.

The involvement and employment of the ABRI are based on a concept that is not limited to force application in the conventional sense but broader in scope and in policy action. It includes a variety of methods, policies and strategies in which the perceived use of the ABRI can influence the environment in such a way that enhances national development without resorting to physical pressure. The ABRI's special role in society has continued to be acknowledged as the core institution in Pancasila democracy.

## Reorganization and Regeneration in the 1980s

Based on the Guidelines of State Policy (*Garis-garis Besar Haluan Negara* - GBHN, a decree by the People's Consultative Assembly) of 1983 and 1988, the position of the ABRI in the national life is summarized as follows:

- as one of the basic assets of national development,
- as the basic component of the strength of defence and security. In time of peace it should be relatively small but effective and efficient, and should be able to perform its function as a deterrent force and to take initial actions against any threat,
- the ABRI exercises its duties as the defence and security forces and as a social-political force. As a social-political force, the ABRI is called upon to play its role as the stabilizer and dynamizer of the national life, and as an active participant in national development. It is also required to strengthen the constitutional life, democracy, the rule of law and national resilience.

Following the passage of Law 20/1982 and the issuance of Presidential Decrees 46/1983 and 60/1983, major reforms have been initiated by the Minister of Defense, General (Retired) Poniman, and the ABRI Commander (*Panglima ABRI - Pangab*), General L.B. Moerdani. The fusion of the Defense Department and the ABRI General Staff after consolidation in 1966, two different institution and different functions, into a single staff, made it very difficult to distinguish between the two institutions. The minister of defence is an assistant to the president in his capacity as chief executive,



responsible for acquiring and utilizing national resources for the purpose of national defense and security. The *Pangab* is assistant to the President in his capacity as Supreme Commander of the ABRI, responsible for the state of readiness of the ABRI and for directing the ABRI in accordance with state policy. He is also responsible for the performance of the ABRI as a social-political force. The separation of the Department of Defence and the ABRI is to stress on the distinction of administrative responsibility of the Minister of Defence and the operational responsibility of *Pangab*. It is also to guarantee a certain degree of autonomy of the ABRI within the general policy guidelines established by the President.

The rationale behind the reorganization is: reduced overheads, i.e. the armed forces headquarters and the services headquarters; functionalization of the department of defence and the headquarters; shortening the line of command by eliminating or freezing unnecessary intermediate command; promoting mobility and flexibility; and making the forces more effective by introducing the appropriate technology. Interesting is the fact that in the process of reorganization, deliberation was conducted on a rational line based on the operational, technical and administrative doctrine.

In the Army, the sixteen area commands have been consolidated into ten area commands; all infantry brigades in the command have been disbanded, and infantry battalions have become territorial battalions. Each area command has an airborne battalion as a reserve element. The Army Strategic Reserve Command (*Komando Strategis Tjadangan Angkatan Darat - Kostrad*) is designated as the army component of the national reserve and strike force. The

plan to expand the special forces was abandoned, priority being on effectiveness rather than size.

In the Navy the Maritime Area Command has been reorganized into two fleets, the Eastern and Western Fleet, and in the Air Force the Air Area Command has been reorganized into two Air Operational Commands. The National Air Defence Command, the only specified command on the national level, consist of two Air Defence Sectors which are in congruence with the Air Operational Command. By this reorganization the "autonomous" position of the ABRI is more pronounced. The *Pangab* serves concurrently as Commander of the Command for the Restoration of Security and Order (*Komando Operasi Pemulihan Keamanan dan Ketertiban - Kopkamtib*) an autonomous operational command for internal security within the ABRI. In September 1988, by Presidential Decree the *Kopkamtib* was abolished and replaced by Coordinating Agency for the Consolidation of National Stability (*Badan Koordinasi Bantuan Pemantapan Stabilitas Nasional - Bakorstanas*). *Bakorstanas* is chaired by *Pangab* and the permanent members are secretaries of the coordinating ministers, representatives from ABRI, Services and Police headquarters, and representatives from the office of Attorney General and the State Intelligence Coordinating Agency (*Badan Koordinasi Intelijen Negara - Bakin*).

The installation of General Try Sutrisno as *Pangab* in early 1988 marked the end of the regeneration process of the ABRI. This process started in the late 1960s and early 1970s, when the armed forces leadership calculated that in the late 1980s the leadership would have to be transferred to the post 1945 generation. The fundamental concern

was how to preserve the values generated from 1945 and the extent to which these influence the value perception of the younger generation and the degree of congruence between the two. In an attempt to ensure that the core principles of the values of 1945 will be adopted by the younger generation a seminar was organized in March 1972. The seminar produced a document designated as *Dharma Pusaka 45* (Heritage of Good Deeds of 1945), now the ABRI manual. The first part of the manual identifies the core values to be transferred, the second part visualizes the environment in which the core values will be transferred, and the third part formulates the process of value transfer.

Judging by public statements of the ABRI leadership and the execution of their functions, there are no indications of any fundamental changes in their perception of the role of ABRI in society. They may be different in style, being less flamboyant, and more relaxed but still correct in their appearance. They are less emotional than their predecessors and do not seem eager to take unnecessary risks. But to pass judgement now seems unfair. They may need more than one year to be properly settled and in command of the situation.

## Capability Development

The ABRI is organized to engage in limited conventional conflicts in defence of the country and to conduct domestic low intensity operations. The capabilities being developed are to undertake a range of tasks within the strategic framework and to become the nucleus for expansion if confronted with an emergency beyond the expected level. Threat perception, operational environment and technological availability are to be considered in defining essential

capabilities and force structure.

As regards external threat, the focus is on the force characteristic a potential enemy would need to possess to become a threat to Indonesia. For low intensity operations the capabilities needed are related to the force structure for national defence, with a certain modification. Considerations of the operational environment are concentrated on Indonesia's region of interests and identification of defence and security importance. This region of interests is determined through an analysis of such features as demography, natural resources, industrial capacity and potential, political importance and infrastructure. These areas if lost or destabilized could result in serious consequences for Indonesia's defence and national development efforts. Considerations of technological availability are concentrated on such areas as the level of technology available in Indonesia, the effects of technology on operations, the costs of research and development and possible trends in technology.

Availability of resources are a major constraint in capability development. Those constraints could affect the risks involved and alternatives have to be found to minimize risks to an acceptable level. Annual budget allocation is around 2.5 per cent of GNP and 12 per cent of the state budget and that includes the police force. Fifty per cent of the routine budget is spent on personnel related expenditure.

At present the capabilities of ABRI can be grouped under these headings:

- intelligence capabilities which include activities in the field of investigation (counter-intelligence), security and psychological warfare,
- defence capability components, which are



Air Defence, Rapid Deployment and Territorial Defence,

- security capability components, which are Regional Surveillance, Maintenance of Public Order, Law Enforcement, Law Intensity Operations and Disaster Relief,
- territorial management, which is the capability to mobilize the region for defence and security purposes,
- general support capabilities, which are the force multiplier in the conduct of any operation. In a geographical environment like Indonesia logistics and communication will be the dominant factor for the success of any operation.

Defence management science transformed into the Indonesian environment and strategic analysis are the basic ingredients for the efficient use of resources in designing a defence and security posture. Indonesia is a large country. The development of a defence and security posture needed to satisfy a very minimum requirement can be misinterpreted by its neighbours. That problem must be handled with tact and an exchange of views and information can prevent any misunderstanding that can destabilize the region.

## Prospects for the 1990s

Past usage of the term ABRI or military which includes nearly all personnel with an ABRI background provides an invalid picture of the role and performance of ABRI. At the early stage of the installation of the New Order they could be regarded as such. But with the passage of time where many of the ABRI personnel have reached retirement age and reoriented themselves from the relative value of the ABRI, which is the operationalization of ABRI core values, the term ABRI must be clearly defined. The term

ABRI is confined to ABRI as an institution and personnel on active duty. This also applies to retired personnel who have a specific assignment, like being a member of the ABRI faction in the legislative body. In their conduct and attitude they are subject to ABRI norm and supervision.

The ABRI leadership are generalists by training and through socialization, and as such their style of decision making are based on functional expertise. As generalists they respect the "exclusive" domain of other functional expertise. In general they are very reluctant to meddle in other people's affairs and prefer, if there is an urgent need, to expose their view through an exchange of minds so that an optimal solution can be reached. In the younger generation a such kind of feeling is more common.

Development and security are not seen as mutually exclusive policy alternatives, but as mutually complementary political necessities and as an insurance for safeguarding the nation. ABRI personnel do not regard themselves as professional economists, although the management of defence and security in time of scarce resources and competing demands requires economic insight. They clearly see the need to give priority to national development, economic development in particular, a key role if the new order wants to fulfil its commitments. Economic development policy are based on the advice of western trained economic technocrats, the ABRI as an institution confined its role in providing an environment which is conducive to economic development, by maintaining political and social stability.

ABRI tries to anticipate the negative social impact of development and defuse any potential trouble that might arise in a persuasive way. At the early stage of the New Order, when President Soeharto still retain

the position of Minister of Defense and *Pangab*, he preferred to take an overall responsibility for national development, and to discharge responsibilities according to competence. Such was the arrangement and the expectation of the role of the ABRI in national development.

President Soeharto originally derived his authority from support of anti communist social and political organization, the backing of the ABRI and the confirmation by the Provisional People's Consultative Assembly (*Majelis Permusyawaratan Rakyat Sementara* - MPRS). He legitimized and civilianized his rule through elections and the building of political and social institutions. His personal appeal and charisma also helped him to acquire a massive hold over the people and brought about a psychological metamorphosis in his leadership which perhaps induced him to assume supreme power and subordinate all the institution to his authority.

After being so long in office and the quality of statesmanship he developed, he realized that if he accept the renomination to the presidency in 1993, he will enter the office as a strong president and objectively speaking, possibly his last term. It will be a trial for the stability of the New Order political system, in the form of the existence of orderly and durable mechanism for transferring power within them, the transfer not involving the use of force.

The 1990s will be an interesting decade because of two reasons. *First*, the succession of the president, whether in 1993 or 1998. The process of nominating candidates and electing the president and vice-president will be considered as a reference for later occasions. *Second*, in the late 1990s the present ABRI leadership will reach retirement age and will have to pass the command baton to their younger colleagues. These younger officers

who started their career in the New Order era, may have their own perceptions regarding the operationalization of the ABRI core values in society. Both occasions will have a strong bearing on how the ABRI will conduct its role.

In past elections, at each stage there happened to be some dynamics and progress in the implementation of Pancasila and the 1945 Constitution. It can be assumed that the trend will be towards a diminishing gap between ideals and reality. If President Soeharto retains the presidency in 1993, the role of ABRI will be more or less the same. Authority, legitimacy, leadership, seniority, personality and performance will be a major influence on the attitude of the ABRI leadership. Contrary to certain statements, to pressure a strong leadership like Soeharto at present and Soekarno in the past, needs a very strong motive based on basic principles and popular support. The transfer of the presidency from Soekarno to Soeharto, which was conducted within the context of the Provisional People's Consultative Assembly was legal and constitutional, according to the rule of the game.

Institutional supremacy as a concept is more acceptable than the simplistic civilian supremacy, because being institutional means subordination of the ABRI to institutional authority according to the 1945 Constitution. ABRI's participation in general policy formulation is not an unreasonable demand, especially if they are to be responsible for side effects of national development. The issue is on "how" to participate. If ABRI is committed to Pancasila and the 1945 Constitution, then it has to submit itself to that condition.

Regeneration, although a natural phenomenon in life, can bring about changes in organisational roles and purposes. ABRI



leaders in late 1990s have entered service in the New Order era and matured in a relatively structured society. They are more exposed to comments and criticism from the environment where they are to react in a legitimate way and present a persuasive argument. These officers will be more "liberal," in the sense that they are not likely to regard criticism or comments on ABRI as a negative attitude towards ABRI's role or as a threat against Pancasila. ABRI will become one of the shareholders of the New Order, a participant in policy formulation as equal partners in a "family forum," and preferring to be in the background and not dominating.

In anticipation of the transfer of power in 1998, to deter power grabbing and political malpractices at the end of his term in office, Soeharto could gradually relinquished some of his power to institutions he created so that the authority could be institutionalised that could perhaps help evolve a political process providing for continuity and change. As kingmaker, a successor can be groomed from among the national elites, but not a self-seeking politicians and the product of the politics of patronage, but a leader who could demonstrate credible leadership qualities, stand for the New Order

ideals and be prepared to bear the responsibility of a presidential office.

What the ABRI's position will be in such a situation will depend very much on its internal condition and the cohesiveness of the ABRI elites. One of the ABRI formal mission is the maintainance of national stability, by implications it means political and social stability. Security maintainance capability has a high political content, and the ABRI will realize that adjustments of the political order to the social and economic conditions will be in the best interests of the nation as a whole and for ABRI as well.

The generational leadership change in the ABRI is expected to be after 1993, except a few top officials to get ready for higher office, to prevent instability within the ABRI during a crucial situation and to avoid a communication gap with the civilian political counterparts. It is necessary for the ABRI leadership to demonstrate cohesiveness, formulate policy, articulate their views and display political competence if they want to be considered by the national political leadership. If that condition can be met, the position of ABRI in national politics will be stronger at the end of Soeharto's sixth presidential term.

## NOTES

1. ABRI's involvement in politics can be derived from two causes: first, involvement because of operational requirement like guerilla warfare, counter-insurgency and because of the Total People's War doctrine; second, involvement as a response to direct political pressure from political faction that developed into awareness that ABRI must have an ideological and political position and motives derived from national values to survive, and as martial law administrator.
2. Soekarno's doubtful feeling towards the Army

leadership was based on his experience with General Sudirman and as a reaction to the ways they treated him. The Army leadership treated Soekarno with respect and tolerance. Respect because of Soekarno's formal position and the awareness that Soekarno was the drive in Indonesian politics. Tolerance because of Soekarno's conduct during the Dutch second military aggression, his partial treatment of the Army and his flamboyant lifestyle. In face of the Army Soekarno seemed to feel that his leadership was not complete and authentic.

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# Relationship Between the Indonesian Armed Forces and Golkar

*Ibrahim AMBONG*

## Introduction

ONE of the most important characteristics in the life of the Pancasila Democracy political system is the dual function of ABRI (the Indonesian Armed Forces). Through this dual function ABRI acquires a position as the state's defence-security force and a socio-political force. In western liberal thinking, military presence in political life is considered as a bad thing. The military serve to function as the state or government apparatus only. Their task is to defend the country without assuming any political role. In this liberal view, ABRI should always be prepared and well-trained for war. This is professional military in western liberal democratic tradition.

Apparently that principle cannot be applied in every part of the world. Different

views that have developed later see the role of the military in interaction with the environment.<sup>1</sup> This environment will determine the behaviour of the military in various non-military matters such as political, socio-cultural, economic life. Hence the military role cannot be viewed as a separate institution. It has to be understood in relation to the concrete conditions of particular countries at particular times.<sup>2</sup>

Such a view has given rise to a classification of military professionalism into three main categories, namely the "old," the "new," and the "non" profession. The first category is related to the military basic interest, i.e. defence and security. The second is concerned with military training which is

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<sup>1</sup>J. Soedjati Djiwandono and Yong Mun Cheong, "The Military and Development in Southeast Asia: Perspectives from Observers and Practitioners" in Djiwandono and Yong Mun Cheong, eds., *Soldiers and Stability in Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1988), pp. 9-10.

<sup>2</sup>Harold Crouch, "The Military Mind and Economic Development," in *ibid.*, p. 68.

also related to their role in the economic, political, and other non-military fields. The third category has something to do with non-military matters that lead to corruption and aggrandisement of power.

On the basis of the views mentioned earlier ABRI's position may be classified into the second category. Hence it should be borne in mind that understanding the dual function of ABRI calls for the Indonesian way of thinking, that is, in conformity with Pancasila with emphasis on the family system concept.

It may honestly be said that, had ABRI wanted to hold full power, it would have easily done so following the abortive PKI (Indonesian Communist Party) Coup in 1965. At that time ABRI with the people's support could have established a militaristic state as in the case of some Latin American countries.<sup>3</sup> However, ABRI did not want this to happen. In the late General Simatupang's view, too much involvement of the Indonesian Armed Forces in government would lead the country to a situation of instability as experienced by Latin American countries.<sup>4</sup> Another senior ABRI officer also said that "every coup will sow the seeds of other coups."<sup>5</sup>

It does not follow, however, that ABRI's role in the socio-political field during the New Order period is very dominant. The

point at issue is to what extent ABRI's dual function is performed in Indonesia's political system. Three limitations have been suggested on ABRI's socio-political function as follows:

Firstly, it may not aim at the emergence and development of militarism, authoritarianism, or totalitarianism. Secondly, ABRI's socio-political function may not reach a zero point, i.e. it may not be completely abolished. Thirdly ... in exercising that socio-political function ABRI should be inspired by the spirit inherent in the values of Pancasila and the 1945 Constitution, ... ABRI's dual function is precisely expected to play a very important role in the development of a political system based on Pancasila democracy ...<sup>6</sup>

In the light of such views one may understand ABRI's efforts to put itself in a proper place in Indonesia's political system. The efforts of ABRI (particularly the Army) near the end of the 1950s were important steps towards its concrete socio-political role. These were marked by its support for the concept of functional group that was developing at that time. The result was the important role played by ABRI in giving birth to the Joint Secretariat for the Functional Group (*Sekber Golkar*) in 1964.

The birth of Golkar may be regarded as a form of legitimacy for the presence of ABRI in the socio-political field. It is thus not surprising that my position in Golkar were occupied by senior officers of ABRI. With ABRI's strong support, especially at the General Elections of 1971 and 1977, Golkar succeeded in winning a majority vote. This was indeed desired by ABRI in order to uphold the New Order ideals, namely the im-

<sup>3</sup>As for militarism in Latin America, see among others Abraham F. Lowenthal, ed., *Armies and Politics in Latin America* (New York: Holmes & Meier, 1976), particularly in the Introduction.

<sup>4</sup>T.B. Simatupang, *Peranan Angkatan Perang Dalam Negara Pancasila yang Membangun* (Jakarta: Yayasan Idayu, 1980), p. 11.

<sup>5</sup>A.H. Nasution, *Kekayaan ABRI* (Jakarta: Seruling Masa, 1971), p. 11.

<sup>6</sup>Alfian, "Memahami Dwifungsi ABRI Dalam Perkembangan Politik Indonesia," paper presented at the discussion held by *Himpunan Masyarakat Pencinta Buku* (HIMAPBU), Jakarta, November 8, 1984, p. 6.



plementation of Pancasila and the 1945 Constitution.<sup>7</sup> But a clearer form of legitimacy for ABRI's role in the socio-political field has been Law No. 20 of 1982. Article 28 of this law designates ABRI as a social force and in that role it is to act as "dynamizer" and "stabilizer." This legitimises, a.o., ABRI's positions in the legislative and executive bodies.

Developments in the mid 1980s indicated various new trends. One of these was the decision to make Pancasila the sole basis for all political and social organizations as embodied in Law No. 3/1985 and Law No. 8/1985. The 1987 General Election held under these laws began to reveal a decline in physical clashes between the contestants of taking the general election. In that General Election ABRI was seen as taking a more impartial stand than in the previous general elections. Such a stand was expected by the people, since essentially by the enactment of the two laws, ABRI's impartial position above all groupings may be more fostered.

Meanwhile, although Golkar did not get full support from ABRI, it managed to obtain more votes. Golkar even won in the region of Aceh, known to be a PPP (United Development Party) base.<sup>8</sup> Golkar's further advancement was also shown by the fact that its General Chairman was elected Vice Presi-

dent and a number of its executives were appointed as cabinet ministers.

Although Golkar won the 1987 General Election, the general impression has remained that Golkar is yet to be fully independent. Such an impression has been reinforced by the fact that after the 1987 General Election ABRI officers have occupied top positions in Golkar's leadership in various regions.<sup>9</sup> This also gives the impression that ABRI still wishes to assert its physical presence within Golkar, although their officers have already retired from active military duty.

### ABRI's Role in the Birth of Golkar

One of the reasons for the close relationship between ABRI and Golkar is the former's role in bringing about the birth of the latter in 1964. Efforts towards that direction were initiated in the 1950s. It was ABRI's (the Army's) disappointment with the practice of the liberal political system at that time that had motivated them to look for an alternative political system which would provide room for ABRI's role. In a liberal system the politics were in the hands of political parties. That is why that period is often referred to as one of political parties' dominance. However, the absence of a dominant political party and endless ideological conflicts among the parties made it difficult to establish political stability at that time. It was not surprising, therefore, that from 1950 to 1957 not less than six cabinets fell one after another in face of various crises.<sup>10</sup> In

<sup>7</sup>For ABRI's involvement in the general elections, see Nugroho Notosusanto, ed., *Pejuang dan Perajurit* (Jakarta: Sinar Harapan 1984), p. 355; Masashi Nishihara, *Golkar and Indonesian Elections of 1971* (Ithaca, New York: Modern Indonesian Project, Cornell University, 1972), p. 14.

<sup>8</sup>For a discussion on Golkar in the 1987 G.E., see Ibrahim Ambong, "Pemilu 1987 dan Prospek Golkar," in Alfian and Nazaruddin Syamsuddin, eds., *Masa Depan Politik Indonesia* (Jakarta: Rajawali Press), 1988.

<sup>9</sup>*Editor*, 13 August 1988, pp. 8-12. *Far Eastern Economic Review*, 10 November 1987, p. 28.

<sup>10</sup>As to the Cabinet during the Liberal Democracy period, see Herbert Feith, *The Decline of Constitutional Democracy in Indonesia* (Ithaca, New York: Cornell University Press, 1968).



consequence economic development was neglected.

The first general election held in 1955 did not bring about a dominant force in Indonesia's political life. Political conflicts and bad economic conditions continued to prevail. Meanwhile protests against the central government were launched in a number of regions. This situation eventually led to the promulgation of martial law in 1957.

The martial law enabled ABRI to control the situation. It is a general phenomenon that in a politically unstable situation, military presence in the economic, political and social fields to ensure national security has become a legitimacy for the military to engage themselves in the development of economic and political affairs. Nevertheless, military involvement in government and politics does not automatically solve political crises. Frequently, as a result even more unstable political situation may develop. A series of coups and counter coups in Vietnam, Laos and Kampuchea during the war were cases in point.<sup>11</sup> In this respect the role of ABRI in political development is worth noting.

Political development in 1957 marked the beginning of the declining role of political parties. It was a development that was indeed desired by then President Soekarno and was supported by ABRI. For them, the political parties had failed to play their role. The idea of a functional group was considered to replace their role. For ABRI, pioneered by General Nasution, maintaining its political role in a situation under martial law was considered unpopular. At that time ABRI leaders thought that ABRI's political role could be realised through the interpretation

of one article in the 1945 Constitution which provided for the existence of the functional group. Hence the idea to return to the Constitution of 1945 was strongly supported by ABRI. On the other hand, although the anti-party idea and the need to enhance the role of the functional group was in conformity with Soekarno's wish, he was always apprehensive about a military junta.<sup>12</sup>

Efforts to realise the formation of the functional group were initiated by ABRI. Its strong organisation had made it possible. It is ironical that though the idea of the functional group came from Soekarno himself, the absence of a reliable organisation made it impossible for him to develop the idea.

ABRI's successful achievement in realising the concept of the functional group was marked by the establishment of *Badan Kerja Sama Pemuda-Militer* (BKS-PM = Youth-Military Cooperation Body) which was inaugurated by the Army Chief of Staff on 17 June 1957. Thereafter, other cooperation bodies were also set up. The emergence of such mass organisations was regarded as "a correction of political parties which have so far been unable to solve their own problems and the difficult problems in the socio-political and economic life."<sup>13</sup> This mass organisation was also considered as a pioneering force playing a leading role in the birth of the functional group. Efforts to unify various functional groups could be made through the formation of *Front Nasional Pembebasan Irian Barat* (FNPIB = National Front for the Liberation of West Irian) in 1958.

<sup>12</sup>See David Reeve, *Golkar of Indonesia* (Singapore: Oxford University Press, 1985), pp. 118-142.

<sup>13</sup>Imam Pratiknyo, *Ungkapan Sejarah Lahirnya Golongan Karya* (Jakarta: Yayasan Bhakti T.P., 1983), pp. 48-49.

<sup>11</sup>Harold Crouch, *Military Mind*, p. 55.



Although the functional group had been given a place in political life, it was deemed necessary to formulate the concept more articulately. The concept formulated on 26 January 1958 stated that the functional group was "a tool of democracy by grouping Indonesian citizens in conformity with their respective work in the production of goods and services in the context of the pursuit of development for the realisation of a just and prosperous society in accordance with the ideals of the Indonesian nation." The functional group comprised the Armed Forces, workers, employees, religious scholars (Islamic, Catholic, Protestant, Balinese Hindu), farmers, the 1945 Generation, scholars/scientists, artists, reporters, youth, citizens of alien origins. At that time the council of ministers accepted the formulation and considered it in accordance with articles 2, 16 and 19 of the 1945 Constitution.<sup>14</sup> Thereafter this functional group obtained seats in the DPR-GR (*Dewan Perwakilan Rakyat Gotong Royong* = Mutual Help House of Representatives) established in 1960 with 118 non-ABRI and 35 ABRI functional group members. At the Provisional People's Consultative Assembly (MPRS) likewise this functional group obtained a substantial number of seats.<sup>15</sup>

Although initially Soekarno had established close relationship with ABRI in his attempt to "bury" the political parties, after 1962 the situation developed in the opposite direction. Soekarno came closer to the political parties, especially PKI (Indonesian Communist Party), in order to reduce ABRI's increasing influence. BKS-PM and FNPIM posed a threat to Soekarno. Thus

Soekarno did not "bury the parties" as he had proclaimed, but regulated party life by allowing only 10 parties to exist while the smaller parties were disbanded. In such a situation the role of PKI became increasingly more dominant, especially because of the *Nasakom* (a coalition of Nationalism, Religion, Communism) concept. Hence, to face the activities of PKI, ABRI formed a number of mass organisations, such as SOKSI (*Sentral Organisasi Karya Swadiri Indonesia* = Central Organisation of Indonesian Selfreliant Work), MK-GR (*Musyawarah Kekeluargaan Gotong Royong* = Family Mutual Help Association), and KOSGORO (*Koperasi Serba Usaha Gotong Royong* = Cooperative for All Mutual Help Endeavours). All of them were managed by still active high ranking Army officers.

It is worth noting that ABRI deemed it necessary to unite the various mass organisations of the functional group under *Sekber Golkar* (the Joint Secretariat of Golkar) in 1964. Here lay the significance of the role of ABRI in the birth of Golkar. Failure to set up *Sekber Golkar* in some regions could be overcome through the instruction of General A. Yani as the Army/*Koti* (*Komando Operasi Tertinggi* = Supreme Operational Command) Chief of Staff the Army leaders in the regions.<sup>16</sup>

Although PKI has now been disbanded common interests between ABRI and Golkar have made it possible for the latter to grow into a strong political organisation. Hence, ABRI's substantial role in Golkar's victories in the general elections during the New Order period. It may even be said that the formation of an Advisory Council (*Dewan Pembina*) at Golkar's congress in 1973 comprising senior ABRI officers, placed the

<sup>14</sup>Nugroho Notosusanto, ed., *Pejuang dan Prajurit*, pp. 77-78.

<sup>15</sup>*Ibid.*, p. 105.

<sup>16</sup>*Ibid.*, p. 112.



position of Golkar under the leadership of ABRI.<sup>17</sup>

### Future Position of ABRI

Since the beginning of the New Order Indonesia's political life has been strongly coloured by the dominant role of ABRI with their dual function. ABRI's strong support has made Golkar one of the largest political parties in Indonesia's political history. As for ABRI, the existence of a strong political organisation is needed for the achievement of the ideals of the New Order.<sup>18</sup> The traumatic experience of the time when the political parties were in power has led Golkar always to set itself apart from other political parties, though the functions they assume are not different from those of a political party. This has also contributed to the strengthening ABRI-Golkar relationship.

The need for a strong political force, on the one hand, does guarantee the creation of national stability to sustain development. However, on the other hand, that situation tends to create monolithic life, which in fact is incompatible with the dynamics of development. A general awareness of such a situation has led to the genesis of the phrase "a stable and dynamic political development."

The progress of development under the New Order has also given rise to popular demands for justice and democratisation. There has also be a demand for a better role to be played by political organisations.

<sup>17</sup>David Reeve, *Golkar of Indonesia*, p. 326.

<sup>18</sup>A.S.S. Tambunan, "Fungsi Sosial Politik ABRI," address presented at the Anniversary of the Military Law Academy/Military Law Higher Educational Institutional (Jakarta: Bina Cipta, 1980), pp. 51-52.

ABRI's neutral stance at the 1987 General Election seemed to have been in conformity with such demands and the attitude of ABRI Faction and Karya Pembangunan (Golkar Faction) in the 1988 General Session of the People's Consultative Assembly, which as a rule jointly nominated a candidate for the vice-presidency, began to change. At that time the ABRI faction only supported the nomination of the candidate for the vice presidency by the *Karya Pembangunan* faction. In Indonesia's political life today such a change has a very deep significance.

Such a development, however, has not answered the question as to whether ABRI intends to give up its physical presence in Golkar. ABRI itself has decided that active ABRI members are not to take a position of leadership within Golkar. The problem has then centred upon the number of then still active ABRI members who have retired after occupying leading positions in Golkar. The regulation concerning the relationship between ABRI and the Union of Retired ABRI Personnel (PEPABRI), clearly stipulates that "For the sake of implementing its dual function, ABRI is interested and obliged to guide the PEPABRI organisation so that it will remain useful and take a real part in the struggle of the state and nation."<sup>19</sup> Or in other words it is stated that "for ABRI there is no retirement status as far as the struggle of the state and nation is concerned."<sup>20</sup> In regulating communications between channels within Golkar, channel A is referred to as the ABRI-PEPABRI channel. On that basis it is indeed difficult to avoid the im-

<sup>19</sup>Department of Defence and Security, *Doktrin Operasi Sosial Politik*, 1977, p. 22.

<sup>20</sup>Sayidiman Suryohadiprodo, "Dwifungsi ABRI Menjelang Masa Depan," *Sinar Harapan*, 9 June 1988.



pression that ABRI continues to be present within Golkar.

The close and intimate relationship between ABRI and Golkar is basically not a bad thing. But a problem will arise if that relationship hampers the growth of Golkar as an independent political organisation, capable of performing its own political function. As stated by a general, while "military" ways may produce quick and tangible results, they may also "restrict initiatives, creativity and discourage voluntary participation of civil personnel, and accordingly reduce civilian work performance."<sup>21</sup> Besides, ABRI-Golkar relationship should not hinder the cadres it has formed to assume this organisation's top leadership. Hindrance to the advancement of tens of thousands of Golkar cadres to leadership position may create a tricky problem for Golkar.

Indeed, some circles of the Indonesian Armed Forces themselves would like to emphasize their qualitative rather than quantitative presence in the socio-political field. ABRI's qualitative presence can be judged by the quality of influence exerted on political development, rather than by the number of its members involved in socio-political life.<sup>22</sup> The data of 1980 show that ABRI's quantitative presence at the national government level amounted to 53.5%; at the provincial level 70.3%; district level 56.3%; municipality 33.3%; and for foreign service it stood at 34.3%. These figures show an increase from the 1977 data. The decrease oc-

curred in the legislative branch, namely from 1,806 to 1,480.<sup>23</sup>

As to its relationship with Golkar, ABRI circles themselves, especially among retired officers, would prefer to confine ABRI-Golkar relationship only to the strategic level.<sup>24</sup> Such a view seems to be in conformity with the continuously dynamic development of society. As discussed earlier on Pancasila as the sole basis, ideological conflicts have officially been brought to an end. Although the 1987 General Election revealed that physical conflicts or social savagery had subsided, that decision should be more firmly enforced. ABRI's neutral stand at that general election may be considered as one step forward in their effort to take a position above all groups. This is also in line with ABRI's endeavour to play a more qualitative socio-political role. If this can be continuously promoted, ABRI's image as belonging to the people will increasingly become a reality. Perhaps here lies the proper role of ABRI's dual function which is acceptable to the people.

### The Question of Golkar's Independence

The emergence of Golkar as a dominant force by virtue of ABRI's support and that of the government as well has been intended especially for the security of national development which has been embarked upon since the beginning of the New Order. On the other hand, however, this has had a negative impact on the image of Golkar itself. The strong support by ABRI and the

<sup>21</sup>Mas Isman, *Peranan ABRI dalam Pembinaan Kehidupan Demokrasi dan Hubungannya dengan Kehidupan Kepartaian di Indonesia*, n.p., January 1969, p. 10.

<sup>22</sup>Alfian, "Dwifungsi ABRI," p. 8.

<sup>23</sup>Nugroho Notosusanto, ed., *Pejuang dan Prajurit*, pp. 378-379.

<sup>24</sup>*Ibid.*, p. 322.

government has led to the label of Golkar as the "government's party" or "the party of the bureaucracy." Such a view undoubtedly belittles the significance of Golkar as a large political organisation, which should assert itself as a vehicle to accommodate and channel the aspirations of the people. If this can be cultivated, the impression so far that in essence Golkar is not firmly rooted in society may be gradually eliminated.

Efforts in that direction have indeed been initiated by Golkar. The organisation mechanism which has previously operated top down is considered no longer appropriate, it will make it difficult for Golkar to accommodate and channel the aspirations of society advancing ever onwards in line with the progress of development. It will further result in a communication gap between Golkar and society, which may also result from Golkar's dependency on the bureaucracy.

As a step to change the top down mechanism, a bottom up mechanism has been endeavoured. Its realisation may be seen in the change of schedule for Golkar's congress. If the National Congress (MUNAS = *Musyawarah Nasional*) was previously held before the *Musyawarah Daerah Tingkat I* (MUSDA I = Congress at the provincial level) and MUSDA II (Congress at the district level), now in keeping with the bottom up mechanism the three levels of congress are held in the reverse order. Presently MUSDA II is held prior to MUSDA I to be followed finally by MUNAS. As an initial step, it has been a positive one, although its positive result may not be seen in the immediate future. At least there is an expectation that the 'real aspiration' of Golkar members have been thus given a better chance for their representation. It may

also further facilitate the emergence of Golkar cadres as leaders of the organisation. In other words, the system of appointment of "established" figures from outside to executive positions in Golkar may gradually be disposed of. To further strengthen the bottom up mechanism Golkar also needs to improve its decision-making mechanism within its organisation, at both the regional and national levels. Besides, Golkar should also be able to avoid outside influences in that process.

Aside from reducing its dependence on ABRI and the government, Golkar has to reconsider its relationship with its former mass organisations as well. Pursuant to Laws No. 3 and No. 8/1985, the membership of political organisations shall be individually based. This means that there is no longer any formally organisational relationship between a political organisation and its mass organisations which used to be under its umbrella or become its substructure. This is a complicated problem that has to be faced by the organisation. Because since the beginning of its establishment, Golkar has been a melting pot of various mass organisations with their multifarious characteristics. It is estimated that there were about 290 mass organisations which used to constitute Golkar's substructure. Cooperation between Golkar and its former mass organisations may no doubt be continued within the limit of the common experience and ideals. This also applies to Golkar's cooperative relationship with ABRI and the government. However, it is not impossible that its former mass organisations may also have programmes similar to those of other political organisations except Golkar. In this regard one may say that in the future it becomes increasingly imperative for Golkar's programmes to fur-



ther accommodate the aspirations of society so as to win wider and wider sympathy. This will undoubtedly enhance its relations with ABRI in strategic terms, because ABRI's struggle in the socio-political field is always related to its ability to accomodate the aspirations of society at large or to identity itself with the people.

The relevance of such a development will become clearer in view of the increasing number of the younger generation for the year 2000. The forthcoming younger generation is estimated to have more preference to values which are more qualitative in nature, such as justice and democracy. This will be the unavoidable result of economic development as has been experienced by a number of countries in the Asian region.

Thus Golkar's independence will become more relevant. As General Chairman of Golkar has put it: "Independence implies internal maturity, creating the capability for self-development, without causing a burden on the environment. Being independent means enhancing the organisation's own sovereignty, without weakening the strategic relationship with its comrades in arms."<sup>25</sup>

### Conclusion

It seems understandable that ABRI-Golkar close and intimate relationship is inseparable from the historical ties established between them. Similar programmes and ideals were increasingly binding them to each other especially between 1966 and the early

1980s. Apart from being mutually beneficial, however, such relationship was also bound to have negative effects on their respective developments.

Developments in the decade of the 1980s required the roles of ABRI and Golkar to be more in conformity with their respective positions under the existing Pancasila democratic system in Indonesia. This should not necessarily mean the severance of their relationship which had been well established thus far.

In a political atmosphere where Pancasila becomes the sole basis for political and social organisations, Golkar can no longer call itself the only political organisation which is "genuinely Pancasilaist." All of the political organisations have been given the same opportunity. Hence Golkar has to be increasingly capable of selfdetermination without too much dependence on ABRI or the government. Facing the future Golkar should prove as soon as possible, that on the basis of its own strength the organisation is still capable of becoming a strong political organisation.

On the other hand, it is also increasingly imperative that ABRI should reduce its physical presence in the socio-political field. This does not mean that the dual function should also be reduced. The presence of ABRI's dual function is still needed, though in the qualitative sense of the word. ABRI's role is expected to become increasingly neutral, as was demonstrated in the last general election. This is a challenge to ABRI since the enjoyment of power often lures one away from one's original objective.

<sup>25</sup> *Media Karya*, [No. 59] (March 1989), p. 41.

# Leadership in Rural Irian Jaya: Between Myth and Reality

*Lazarus REVASSY*

**I**N all fairness it must be said that the problem of leadership in rural Irian Jaya is not as yet widely known. And if it is known at all, it is only up to the level of formal leadership. Actually as a community of gatherers and collectors of forest products and of fishers, each ethnic group in rural Irian Jaya has a profound understanding of what is called clan head. They are the *primus inter pares* and always appear as leaders to solve the problems faced by their people.

They are addressed by the local supporters in highly varied ways, affected by the local cultural environment. The ethnic groups living in the Irian Jaya Bird Head peninsula, like the Ayamura, address their leaders as *Ra Popot*. The ethnic group which lives in the Balim Valley trough (Central Mountains) like the Dani, call them *Kain*. The Kapauku ethnic group living along the Paniai and Togi Lakes call them *Tonowi*. The ethnic group south of the Irian Jaya

Central Mountains, like the Asmat, address them as *Tesmaypits*, while the Muyu (from Merauke) call their leaders *Kayepak*. The ethnic group who live along the shores of Lake Sentani (Jayapura) address their leader by the name of *Ondofolo/Ondoforo*.

Since the era of the Dutch Colonial government, ethnographic studies have been undertaken among several ethnic groups in New Guinea (read: Irian Jaya). These efforts purported to inventory and document socio-cultural aspects, including the local leadership systems and structures. However, after this era there was not much interest left in this "humanitarian" effort. If any, it was likely to be confined to studies by anthropologists and missionaries who were assigned to rural Irian Jaya. And yet, one may say that whatever patterns of change were, are and will be applied there, including the failures so far, are all very much determined by the active involvement of those local leaders.

This study will look at three main issues, namely: the Profile of Traditional Leader-

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ship, the Paradigm of Structural Change, and the Dialectics of Official versus Ruler. For the sake of clarity, this study will be limited to the local leadership model found along the shores of Lake Sentani (Jayapura).

Implicitly the culture carriers who live along the shores of Lake Sentani represent themselves as one of the relatively ethnic groups. This seclusion is due not only to their very resilient view of their "world," but is also to the community structure which is classified into: (a) traditional elite; and (b) common group.

The traditional elite group has power which is one level higher than that of the latter. This condition is expressed by the utilisation of natural resources within the traditional area. The elite group feel themselves entitled to exercise control over those resources, while on the other hand the common group have the right of use only. With this power model, apart from creating a unilateral dependence relationship, the elite group also tend to manipulate all potentials in the effort to legitimise their position as the one and only authority.

The leadership succession of the traditional elite group proceeds naturally and is orientated towards an ascribed status. The traditional position of each ethnic group/clan is passed on to their heirs on the basis of the right of primogeniture. In order that the leadership succession should proceed orderly and peacefully, long beforehand the candidate leader has to be prepared through the initiation proces and the socialization with traditional politics. The aim is to ensure that the candidate is really "ready for use" from the point of view of his emotional maturity, personal integrity, the full comprehension of the value system he adheres to and his accep-

tability to the local people and cultural environment.

Traditional leadership cannot move within a vacuum, but always needs support and approval from the structural environment. These structural dimensions are political, economic, and religious ones. Or hypothetically it may be said that local leadership can only be successful if it gains significant support from those three dimensions.

The accumulation of support from the political dimension is evident from the ability to solve local political problems which arise at the clan level. The more often these political problems are solved by the traditional elite group, the stronger the support given to the traditional leadership. The accumulation of economic dimension is evident from the involvement of the clan leaders and their people in organizing the circulation and exchange of traditional wealth. The more often this activity is carried out and the more trade partners (peers) are involved, the stronger the support given by the people to the traditional leadership. As for the accumulation of support from the religious dimension, this manifests itself in the implementation of ritual ceremonies, the overt expressions of religious emotions, and the intensification of magical practices at the clan level. The more often these ritual activities are carried out by the people, the stronger the support for traditional leadership.

The degree of support for traditional leadership is determined by the hierarchy of cybernetic order. Ideally, the religious dimension is of the highest rank. This is evident from the efforts to create a dynamic balance between force and power. In order to realize this, a "dialogue" must be held with the spiritual order which is beyond the



leadership's capability.

This one-sided attitude of dependence also adds inspiration to every activity in the economic field. Henceforth it is used as a model to utilize optimally all economic resources in the local traditional environment. Success in the economic field also adds to the support of the political dimension. By contrast, the accumulation of support from this dimension makes additional success possible in the economic dimension which is an absolute condition for the intensification of ritual ceremonies.

Factually, the substance of the three dimensions mentioned above always appear almost simultaneously and complement one another. The means which are considered ideal for connecting one dimension with another only take the forms of ritual ceremonies, among others the death rites of local leaders.

From the burial procession up to the succession of leadership in the clan, the three dimensions try in the best possible manner to lend support in accordance with the role they are respectively playing. The political dimension is evident from the presence of the traditional elders at clan level to appoint the new clan leader. At this level many value systems are debated whether or not during the burial phase they have been violated. Likewise, in the traditional sessions (plenary sessions in the traditional convention hall) which are organized marathon-wise, often conflicts and even mass fights occur between supporters.

The economic dimension is shown in the circulation and exchange of traditional possessions of the victimized heads. The case of the death of a clan leader which happened to be observed showed that the criteria of

wealth (possessing a great deal of traditional wealth) is a *conditio sine qua non* in the nomination of a candidate for clan leadership. Even in the most exclusive situations, possession of wealth is used as a political consideration to lobby the traditional elite at the traditional convention hall in the process of making a decision.

As for the religious dimension, this is evident from the cooperative relationship between the clan leader and the witch-doctor. At the clan level, both traditional elders are two potential forces behind the presentation of a candidate for clan leadership. The involvement of the clan leader is always connected with efforts for recognition and legitimization. On the other hand, the involvement of the witch-doctor is related to support of power.

Willingly or unwillingly each candidate who wants to aspire for the pinnacle as clan leader, is inclined to utilize the position of both traditional elders. However, in order to attain the coveted position, no doubt one has to sacrifice traditional wealth (inherited wealth) equal to the position of clan leader. With this traditional wealth, the witch-doctor has a grip to hold a dialogue with the ancestral spirits which dwell in the traditional region.

It is no exaggeration to say that the model of local leadership is always based on these two potential sources. This statement is very abstract and difficult to accept rationally, but in practice this is indeed the case. It is accepted as an ideal type.

The accumulation of support for them are two exclusive sides of the same line of continuum, easily distinguishable but difficult to separate. They are very vocal and also sensitive to the traditional environment.



Any change coming from outside is long beforehand anticipated by means of a dialogue with the ancestral spirits. They are afraid that the implication of change may quickly destroy the traditional image and the value system which they have guarded so carefully. Whenever there is a reconciliation, it is usually initiated by negotiations between traditional elite groups. The core of discussions at the clan level at least reflects the "world" concept of the Sentani people.

There are two eras when efforts were dominant in anticipating the model of leadership in rural Irian Jaya, namely the era of Dutch Colonial government and that of the National Government (of the Republic of Indonesia). Each episode in each era has given and still gives meaning and value added to structural changes on the local level.

The era of the Dutch Colonial government began with cultural contacts between central and peripheral regions. Its implication is evident from the continually increasing intensity of scientific visits by scientists of various kinds of discipline, with a view to drawing up policies which were indeed relevant to the actual conditions in the target areas.

The work ethos adhered to by the Dutch Colonial government was how to reap as much profit as possible, without destroying the cultural environment of the supporting region. Accumulation of this condition went on in an orderly manner, and was difficult for the local population to anticipate. In order to accelerate their aim, in those traditional regions, traditional elites were appointed as groups functionaries at the local level. They were known by the name of *kepala kampung* (village heads). Criteria for this appointment were very flexible, meaning that it was sufficient to speak Malay fluent-

ly. Their main task was to mobilize the clan members at the local level, to collect taxes and to enlist forced labour.

The reason for appointing the traditional elite group as functionaries at the local level had a political connotation. The consideration was that besides being vocal, this group in the eyes of their people also had networks of political power which were very strong at the clan level. In this way, in case they were appointed as functionaries, they surely would use their network of authority as political brokers (Hamcan, Thamrin, 1982: 27-28; Revassy, 1989:20). This meant that on the one hand it was easy to foster a harmonious cooperation (through formal channels) with the Dutch Colonial authority at the sub-district level, while on the other hand they were more easily accepted as *panutan* (one whom people look up to for guidance) by their people and by their cultural environment.

The era of the Indonesian Government is marked by the integration of the region and people of West Irian (now Irian Jaya) into the unitary state of the Republic of Indonesia. This integration process influenced the mechanism of political life from the regional down to the local level. A momentary obstacle faced was that the model of village administration at the local level left by the Dutch Colonial government apparently could not anticipate the changes coming from outside (the Central Government). Therefore, the central government agreed that in each subdistrict a number of administrative villages would be established. Implicitly the model of such villages was actually an extension of the types of villages in Java.

It was unfortunate that the "good will" on the part of the politicians at the national level was not sustained by thorough and in-



depth research activities, so that the Javanese village model adopted at the local level here did not develop the way it should. Perhaps the result of an eight years development programme in the villages along the shores of Lake Sentani serves as undeniable evidence that this village model was in no condition whatsoever worthy of its name, which is the result of an undertaking without a sense of responsibility, in moral as well as academic terms.

At the local level, aside from the village as the lowest administrative unit in the national bureaucratic network, there are a number of institutions for participation by village members, namely the *Lembaga Musyawarah Desa* (Village Council of Elders) and *Lembaga Ketahanan Masyarakat Desa* (Village Community organisation for the promotion of wellbeing for the community). After a nine years' tenure, the village head runs for re-election or is re-nominated for the next term by the village population (compulsory vote) through the Committee for the Election of Village Heads. The candidates put forward are figures who are considered to be capable and to represent the aspirations of interest groups on the basis of primordial ties at the local level.

Unfortunately, however, prospective candidates with the best qualifications have often been made powerless and "drop out" long before entering the decisive phase of the nomination of village head candidates. Spontaneous reaction of the supporters is evident on the day of the village head election when almost all people who are qualified to vote fail to turn up and refuse to use their voting rights. Such a condition shows that the credibility of the leadership exercised by the subdistrict head as the responsi-

ble person and the sole regional authority at the local level is diminishing.

It is said that this is to reduce the legitimacy and influence of the traditional elite group, because *ex-officio* they are among others appointed as chairmen or members of the institutions for participation mentioned earlier. Ideally this is a proper national commitment. However, in practice they apparently find it difficult to adopt themselves to the "artificial setting" which is indeed considered to be new to them.

This condition is even made worse by a series of (village) development projects and programme which are "managed" from outside. Even if it is considered necessary to involve them, they are merely to agree to a blueprint which has already been completed after all. Such mismanagement induces the traditional elite group to seclude themselves within their cultural environment.

This discussion cannot but lead us to the question of functionaries versus authorities. And this may be the key phrase of the whole study on leadership in rural Irian Jaya. Whatever model of change is being planned from outside should at least be adjusted to real conditions of the local people.

The dichotomy between functionaries and authorities, or between formal leaders and local leaders, always becomes the subject of the most classic academic debates among social scientists. In its exclusive meaning, to debate on these issues would be like trying to make two different points in two different lines converge -- stone age versus modern age. This is the dilemma.

The decision to make the village the lowest administrative unit unwittingly sparks off "a hidden conflict" among local autho-



rities (the traditional elites) and village functionaries. This kind of situation is even further aggravated by one-sided actions of local functionaries to unite administratively adjacent traditional areas into one village.

The concept of traditional areas in the Sentani traditional religion is most phenomenal and has the connotation of a religious alliance. This means that the area of ancestral inheritance is also a place for ritual ceremonies at the clan level. Such an annexation, if not accompanied by a request for "permission" from the ancestors through a ritual ceremony, may cause disaster to the people of the local culture. Among the traditional elite group, such a concept has become a part of their value system. Therefore in anticipating changes from outside, they tend to defend it as a *status quo*.

Even though administratively the traditional areas have been classified and legally recognised at the national level, at the local level those areas are a symbol of achievement and prestige in the eyes of the traditional elite group. Consequently, in case they must be resettled in the new areas alongside the shores of Lake Sentani on the ground that environmental health and sanitary conditions are not up to standards, they feel reluctant to move. And even though they are forced to do so, they will surely return to their homeland.

Perhaps this kind of reasoning is difficult to accept rationally, but there is a feeling of homesickness for the ancestral land which is so close to their hearts. In the traditional religions of the Sentani people, the concept of settlement in a new area is indeed something difficult to anticipate and full of mystery. The classic reason is that many ancestral spirits dwell in the new environment, which are not of their own clan. If this

physical environment is utilized without paying attention to the harmony of the local cultural ecosystem, they are afraid that it may bring about all kinds of disasters.

The concept of traditional areas as a symbol of achievement and prestige of the authorities relates to a number of other nuances which are criteria by which to compare the legitimacy of functionaries versus authorities. If clan members at the local level are faced with the classic question, "Which ones between functionaries and authorities are your choice for leaders?," there is only one answer, "The traditional elite group (*Ondofolo*)."

The connotation of this answer shows how strong their support is for the elite group mentioned. A clear proof of the seriousness of their support is partly evident from their active involvement during the process of ritual ceremonies at the clan level. And in the course of local history, the concept of legitimacy with regard to the elite group concerned is a manifestation of the holy gods (ancestors) who live at the trough of the Dobonsolo mountain. To date this concept has been retained as a sacred story and legend among local people.

As for the legitimacy the authorities, it is inseparable from the power structure they control. The power structure of the traditional elite group is marked by a rigid hierarchy. This means that under no circumstances is there a possibility for those outside the structure to emerge as a traditional elite group. And the moral support of people at the local level for village officials can only be tolerated if they are really related to the power structure of the traditional elite group. This may be the structural gap which should be given attention to by decision-makers at the national (central) level. Field experience shows that the problem of village

members' participation in the development process is indeed not a matter of "like or dislike" for a programme and for the officials appointed from outside, but the extent to which the local officials are accommodated within the village (formal) organizational structure.

It has been pointed out earlier that the power structure of the traditional elite shows a rigid pattern of hierarchy. In terms of process, however, it always shows dynamic interaction with the local cultural environment. The model of the dynamics can be seen in the form of the configuration of power which continues to clear away up to the level of clan hierarchy. Such an accumulation of power is a potential force and at the same time a "bargaining position" in the effort to anticipate the possibility of change offered from outside.

The traditional elite group always form a mobile potential force; so what about the position of the village functionary according to them? The village functionaries at the local level are as it were "eating the *simalakama* fruit"; if it is eaten the father will die, if not the mother will die. As functionaries they are in a difficult position. On the one hand, as functionaries they are required to be loyal to their superiors, while on the other hand, as traditional members they are required to obey and adhere to the local authorities as well as to the value system. The latter aspect is considered to be most sensitive, because if they do not properly abide by it, they will be excluded from their people and their cultural environment. A discussion on what figure has been so vocal and has been accepted as a legitimate *panutan* among the people of the local culture, must necessarily touch on the relationship between superior and subordinates which has been esta-

blished. This dimension apparently has an economic connotation, but in the effort to give meaning and value added to the local leadership, it plays a very significant role.

It has been pointed out earlier that the criterion of being wealthy in the sense of having power to control a number of economic resources and traditional wealth is the key factor in the establishment of relationship between leaders and followers. Even in most exclusive conditions, it can be used as a means to influence the traditional elite group in making their (political) choice on the candidate clan leader they want.

Superior - subordinate relations can be seen in the circulation and exchange of traditional wealth at the clan level. The nature of economic relationship between master and slave (peers) is a very relative one. This means that the intensity of this relationship very much depends on the extent to which both parties have fulfilled their rights and duties.

In the cultural conception of the Sentani people, to borrow from a second party and so on is something to be ashamed of and is regarded as taboo. This concept is firmly held by the traditional elite group. Therefore, at each religious rite performed at the clan level, they try as much as possible to pay off the debts incurred by their clan members. They are even the first to engage in circulation and exchange of traditional wealth, including opening trade relations with other clans.

Implicitly the tendency to embark on trade relations has exclusively political implications. This means that in conducting circulation and exchange of traditional wealth across the clan the elite group also provide a one-sided acknowledgement as wealthy peo-



ple in the eyes of their "slaves." Thus the more trade relations are established, the stronger the relations of "master and slave" in the eyes of their supporters.

The criteria of support are evident at the time of the burial procession of a local leader. On that occasion the peers are present, and they do not hesitate to give the best of what they have own so far. This kind of event is felt as an extreme loss, because "the master" who had always been a shelter for them and a resort for their requests had left forever with his good deeds. Their trade relations also came to an end.

As for the functionaries in the village, the conception of master and slave is very much dependent -- the existence or absence of -- their relationship to the established traditional leadership structure. If they are included in the category for nomination of the traditional elite group, they act as "masters" in every event of circulation and exchange of traditional wealth. On the other hand, if they stay outside the structure, they will be considered as "slaves" in every transaction. As a consequence, as long as trade relations last and as long as the amount of debts incurred has not been paid off or in fact has even continued to grow, they still bear the predicate of "slaves."

This condition always prevails in the political life at the local level. The village functionaries have quite a difficult choice, especially in the face of the demands of the traditional elite group. As a logical consequence, they are engaged in a struggle for power among themselves at the clan level, on the pretext of acting *in the name of their people*. The classic reason is that a clan leader is judged as being incapable, slow in solving traditional problems and is selling traditional land owned by his people. In

order to guard the authority of tradition and the integrity of the *ondofolo* leadership in the eyes of the people of the local culture, the problem is brought to the traditional meeting. At this level and in whatever condition, village functionaries who are rebellious are always held responsible and are excluded from their people and their cultural environment.

The whole study on the perspectives of leadership in rural Irian Jaya with reference to the case of the Sentani Lake (Jayapura) community shows a crucial difference between authorities and functionaries. The accumulation of support for the authorities or the traditional elite group - not value-free - means that they are always supported by the structural dimensions (political, economic, and religious). Each dimension tries as much as possible to give meaning and value added in line with the role each is playing. Stressing one dimension and/or ignoring another will only create a structural gap.

There are also functionaries or modern elite members at the local level coming up with several models of change offered from outside. These, however, do not much penetrate structural dimensions which are well-established and have created a status quo among people of the local culture.

Then the really disturbing question arises: why is this so? Whatever alternative is used as a solution, the most classic answer is that the community is still in a relatively "secluded" condition. This closedness does not mean that they are static and reject any changes offered from outside. Various experiences in the field have shown that as a local community they are very mobile and perceptive in providing meaning and value added to the cultural environment they love.

This statement sounds very sentimental. But whatever the case the main factor in accepting or rejecting changes from outside

always goes back to the traditional elite group. In the eyes of their people of local culture, they are the *primus inter pares*.

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# Indonesia's Political Modernization and Economic Development

*J. Kadjat HARTOJO*

## Introduction

**M**ODERNITY and modernization are concepts so all-embracing that only certain aspects thereof could be used for an analysis. Therefore, instead of trying to define modernity and modernization, it would be more fruitful to identify the attitudes of men and society that constitute modernity. And most, if not all, of the attitudes, findings that Myron Weiner attributes to Alex Inkeles,<sup>1</sup> seem to be relevant for an analysis of modernity in the Indonesian polity. They include a disposition to accept new ideas and try new methods a readi-

ness to express opinions, a time sense that makes men more interested in the present and the future than in the past, a better sense of punctuality, a greater sense for planning, organization and efficiency, a tendency to see the world as calculable, a faith in science and technology and a belief in distributive justice. However, as those elements of modernity will be used in the analysis of a polity, effectiveness connoted in efficiency will be given emphasis, and readiness to express opinion will be interpreted as capacity of the political system to accomodate them.

In this attempt to analyse the relationship between political modernization and economic development in Indonesia, attention will first be focused on those aspects of political modernization that have made it possible for the country to achieve the present stage of economic development, then on the changes in society that the economic development has apparently brought about, those that may indicate that the political system needs further modernization.

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<sup>1</sup>Myron Wyner, ed., *Modernization: The Dynamics of Growth*, Forum Lectures (Washington, D.C.: V.O.A., 1966), p. 4.

## The New Order: A Political Modernization

Since his advent to the helm of the country's leadership in 1967, President Soeharto has led a government that has been able to reverse the trend of a rapidly declining economy, first by undertaking a policy of economic rehabilitation then by implementing five year development plans (*Pelita*). The economy grew at an annual rate of 9.97 per cent during *Pelita* I (1969-1973), 6.61 per cent during *Pelita* II (1973-1978), 4.66 per cent during *Pelita* III (1978-1983) and 4.03 per cent during *Pelita* IV. According to latest estimates the economy grew 4.74 per cent in 1988, will grow 5.35 per cent in 1989 and 5.11 per cent in 1990.<sup>2</sup> As family planning programmes have also succeeded in putting population growth under control despite lower infant mortality and longer life expectancy, to 2.32 per cent in 1970-1980 and 2.15 per cent in 1980-1985,<sup>3</sup> real per capita GDP has also grown significantly, making it possible for the government to implement programmes designed to create equitable opportunities to enjoy the fruits of growth and for economic managers both in the public and the private sectors to invest for further growth.

Other indicators of the successful economic development could certainly be mentioned, especially those indicating successful management of crises, structural change in

GDP in favour of the manufacturing sector, growth *cum* structural change in exports and the country's good performance in debt repayment. But those mentioned would suffice to give an overall picture of the performance that Indonesia has achieved for the last twenty years or so, that is, under the New Order. To better understand its significance, the picture should be seen in contrast with the prevailing conditions of the country's economy during the days of change of government in the second half of the 1960s and before: During the second half of the 1950s the average growth rate was 3.2 per cent, which declined further to negative growth in the mid-1960s.<sup>4</sup> An economist notes that in the mid-1960s the economy produced at 20-30 per cent capacity, economic and physical infrastructure were badly damaged, the levels of trade very low, and foreign exchange reserves negligible.<sup>5</sup> Inflation was rampant, 400 per cent in 1965, making it impossible for wage earners to make both ends meet and too difficult for planners to do their job. Although population was growing only at 2.1 per cent, living standards deteriorated with increasing speed.

Therefore, although the change in government in 1966-1969 was primarily spurred by President Soekarno's obstinate refusal to punish and ban the Indonesian Communist Party (PKI) that had attempted a coup on the first of October 1965, there was also a

<sup>2</sup>See Suhadi Mangkusuwondo, "Outlook for the Indonesian Economy 1989-1990," paper presented at the Seminar on Pacific Economic Outlook, organized by the Indonesian National Committee of the Pacific Economic Cooperation Conference, Jakarta, October 25, 1989.

<sup>3</sup>Republik Indonesia, *Nota Keuangan 1988/1989*, p. 489.

<sup>4</sup>R. William Liddle, "The Relative Autonomy of Third World Politicians: Soeharto and Indonesian Economic Development in Comparative Perspective," paper presented at the 1989 Annual Meeting of the American Political Science Association, Atlanta, August 31 — September 3, p. 4.

<sup>5</sup>See Mari Pangestu, "Economic Reform in Indonesia," *Indonesian Quarterly*, Vol. XII, No. 3 (Third Quarter 1989), p. 219.



strong demand for a government that would be capable of implementing an economic reform. Indications that economic reform was perceived as a need came to the fore when the then Major General Soeharto had successfully led the Army in crushing the core of the coup forces and people were anxiously waiting for President Soekarno's condemnation of the communists. In January 1966, student demonstrations opposing the PKI started to press for the "lowering of prices," the dissolution of the incumbent cabinet and the disbandment of PKI.

The demand to dissolve the cabinet was obviously aimed primarily at ministers suspected to be communist or pro-communist that President Soekarno maintained and re-appointed in spite of the prevailing anti-communist sentiments. But the fact that the demonstrators called "cabinet of hundred ministers" that council of ministers the members of which increased in number with every reshuffle in 1966 could be seen as a demand for an efficient and effective government. And, whatever the demand might mean, the establishment of a government capable of planning and implementing economic development would become the main concern of the Indonesian polity, during the long and slow process of change of government between 1966 and 1969, and even, it could be said, ever since.

## The Role of the Army

The Army that the events in 1965 and 1966 put at the centre of the Indonesian political stage had long been dissatisfied with the performance of civilian politicians. In 1952, barely three years after recognition of Indonesia's independence by the Dutch, the Army was involved in the 17 October Affair,

in which they backed, probably staged, a mass demonstration of about 30,000 men that pressed for the dissolution of the parliament and the holding of a general election.

On issue was the handling by the parliament of a plan drawn by the Ministry of Defence and backed by the Army leadership to rationalize and professionalize the army, which naturally met with some opposition from within itself as this comprised, besides professionals that had had Dutch or Japanese training, also elements that were originally popular armed bands that fought the Dutch. An officer that was opposed to the plan wrote a letter of protest to the parliament, seemingly with the silent backing of President Soekarno, and the matter was being debated, motioned and counter-motioned, when the 17 October demonstration took place.

Although the 17 October Affair may look as if it was a mere dispute within the Army, among officers, over rationalization, what came out in the meeting between President Soekarno and seventeen top Army leaders right after the president successfully urged the mass to disband, indicates that many Army leaders were wary of the lack of effectiveness in the government, a Dutch style multi-party parliamentary democracy practised without the necessary sense of responsibility. They accused the provisional parliament of not actually representing the people and of being the source of the political instability that made it impossible for cabinets to implement programmes.<sup>6</sup>

<sup>6</sup>For facts on the 17 October Affair, see Yahya A. Muhaimin, *Perkembangan Militer dalam Politik di Indonesia 1945-1966* (Yogyakarta: Gadjah Mada University Press, 1982), pp. 69-78; see also Herbert Feith, *The Decline of Constitutional Democracy in Indonesia* (Ithaca, N.Y.: Cornell University Press, 1964), pp. 246-273.

Dissatisfaction in the Army with the performance of civilian politicians in fact continued and was shared by a large segment of the political public whose expectations for social promotion and material welfare rose high during the few years after recognition of the country's independence by the Dutch.<sup>7</sup> This explains why in a situation where the economy worsened rapidly, in the political deadlock that resulted from the failure of the first ever elected constituent assembly to agree on a permanent constitution, the Army gave support to President Soekarno's decree, in July 1959, the reenactment of the 1945 Constitution and the application of "guided democracy." The Army apparently hoped that finally the government would be freed from too much politicking by party politicians and would therefore be capable of controlling the politically critical situation and of bringing about the widely expected welfare. As it turned out, however, the hope was again frustrated.

It is against such a background that the way the Army has assumed political responsibility since the aborted communist coup in 1965 is to be understood. In the dominant position it has found itself in, the Army sees itself as the "stabilizer and dynamizer" of the country's political life. The establishment of an effective government, one that is capable of bringing about welfare, becomes its main concern.

But economic development has not been the Army's sole concern. During the difficult days of change of national leadership in the second half of the 1960s, although effective powers were in his hands, particularly as of 11 March 1966, and despite President Soe-

karno's obstinacy in maintaining PKI's legitimacy after the aborted coup, the then Lieutenant General Soeharto refrained from hastily ousting the incumbent head of state, to the dismay of many of his civilian supporters. General Soeharto was apparently taking into account the fact that to many in the military and in society, President Soekarno continued to be the symbol of allegiance. Besides, he himself, and the Army, had a great concern in the establishment and development of constitutionalism in the country's political life, as was obvious in the Second Army Seminar held in Bandung in August 1966. The Seminar laid down "the Ideal Foundation for the Struggle of the Indonesian National Army" and the document it produced is, as Maynard<sup>8</sup> has rightly put it, "particularly vital for understanding the Army's self-image for its non-military functions."

It was in the Seminar that the leaders of the Army reached a consensus to commit themselves to *the modernizing process of state and society and to the winning of the New Order with a strategy and tactics which are both Constitutional and gradual, based on consultation and consensus, and not on confrontation*. The Army's commitment to economic development, and even the decision to entrust national planning and key economic government positions to the technocrats, most of whom have continued until today to constitute the government's economic team, originated from this Seminar. And so did the New Order's commitment to Pancasila ideology, and its policy on and actions for the development of demo-

<sup>7</sup>See *ibid.*, pp. 597-598 for an insightful analysis of the rising expectations in 1950-1958.

<sup>8</sup>Harold Ward Maynard, "A Comparison of Military Role Perceptions in Indonesia and the Philippines," (Ph.D. thesis, American University, Ann Arbor, Michigan, 1976), p. 153.



cratic institutions. To disseminate the new guidelines on the Army's socio-political function to the rank and file, not only of the Army but also of the other services, a Defence and Security Seminar was held in November of the same year. This Seminar produced the *Doctrine of National Defence and Security and the Doctrine of the Struggle of the Armed Forces of Indonesia*.

## A Political Reform

Through the proper political process, that is, through, consultations among political forces in and outside Parliament, through the People's Consultative Assembly (MPR), the supreme governing body under the 1945 Constitution, the New Order has reached a consensus on political commitments that are similar to those worked out by ABRI in the two seminars. They include, besides commitment to economic development, commitment to Pancasila ideology and the 1945 Constitution, with the implementation and development of Pancasila Democracy commonly accepted as a paramount political objective. With a view to creating an environment that is favourable to bring the principal political objectives into realization, the New Order has also committed itself to the creation of a stable and peaceful regional environment, which has been disturbed by President Soekarno's policy of confrontation against Malaysia. For the sake of principle as well as "national interest," that is, convenience in terms of realization of national development, the country's entire international relations, which under President Soekarno tilted heavily to Beijing to the detriment of relations with the West, has also been overhauled.

With a view to developing Pancasila Democracy, quite a number of consensus have been reached and the necessary steps taken to implement them. In representative bodies consultations and consensus have been agreed to prevail over voting. A joint secretariat of functional groups has been moulded into *Golkar* to assume the functions of a political party and to provide democratic legitimacy for the New Order government. The excessive number of political parties has been gradually trimmed through mergers into the present number of three, including *Golkar*. Four general elections have been held (those of 1971, 1977, 1982 and 1987), each followed by MPR sessions in which this supreme representative body draws state policy guidelines and elect the president and vice-president that have to implement them. All the country's five year plans, including those of the political reforms, have been drawn on the basis of those state policy guidelines.

The policy that reduces the number of political parties in fact constitutes part of an overall reform of the country's system of political participation. This reform naturally avoids, besides the excessive number of parties, the over-effectiveness that some of the parties proved to have in mobilizing mass-participation, even at the village level, in 1950-1965, which they used in a way that undermined government authority and created or deepened cleavages in society. Therefore, in addition to Pancasila having been made compulsory ideology for all the three political parties, party branches are allowed only at the provincial and district levels, not in the villages. Strong political expressions, especially in mass rallies, are free during a limited period every five years,

namely during election campaigns. Freedom of the press in the Pancasila press system is understood as one that is never exercised without the same amount of responsibility.

Thus under the New Order, with ABRI assuming political responsibility as stabilizer and dynamizer, Indonesia has reformed its political system. And since the days of the Second Army Seminar it has shown its capability to accept new ideas and to transform them into realization. The New Order certainly sees the country's destiny in the future, not in the past. Although efficiency seems to remain as a perpetual problem, it has surely been improved. In fact the entire economic performance would never have been achieved without efficiency of the political system, if less so in the bureaucracy. The political system has proved capable of taking very rational decisions, including quite a few that are unpopular, as for example, the low salaries paid to civil servants and ABRI members. With reservations on political participation, it can certainly be said that under the New Order, Indonesia has undergone a political modernization, which has made it possible for the country to maintain national unity and stability and to consistently pursue economic development.

## The Challenges Ahead

With per capita GNP at US\$530 in 1985<sup>9</sup> Indonesia still has a long way to go in economic development, particularly if the employment problem is taken into account. The country's workforce grows at 3 per cent annually, and during *Pelita V* (1987-1992) alone it is expected to increase by 11.9 million, from 74.5 million in 1988 to 86.4

million in 1993. Only 11.5 per cent of the additional workforce will be absorbed in the various sectors of the economy in 1989-1993, including the informal sector. With the right development strategy, the industrial sector can be expected to absorb 20 per cent and trade over 23 per cent of the additional workforce. Agriculture will contribute 35 per cent, not because of high value added increase in this sector, but because the other sectors cannot be expected to do better,<sup>10</sup> unless the current reliance on the private sector proves to yield unexpected leaps.

In brief, growth will be of paramount importance in Indonesia's further economic development, while naturally measures will have to be taken for the sake of its equitable distribution. For, even if the informal sector is expected to serve as a cushion, only if the formal sectors yield high growth would the informal sector have sufficient capacity to do the job. In an era in which Indonesia can no longer rely on oil for its imports and debt repayment, non-oil exports, particularly that of manufactured goods, will continue to need emphasis in the country's development. Structural change is in fact an objective in Indonesia's Five Year Development Plans. As provided for in the present state policy guidelines, the current Fifth Five Year Plan is supposed to prepare for the country's "development take off."<sup>11</sup>

<sup>10</sup>See Hananto Sigit, "Transformasi Tenaga Kerja di Indonesia Selama Pelita," in *Prisma* Vol. XVIII, No. 5 (1989), pp. 3-14.

<sup>11</sup>For an analysis of what Indonesia is currently facing in economic development and what needs to be done during the next few years, see Djisman S. Simandjuntak, "Indonesia's Economic Development: Recovery after Deregulation," in *Indonesian Quarterly* Vol. XVI, No. 4 (October 1988), pp. 396-404.

<sup>9</sup>*World Bank Atlas 1987.*



Therefore, stability will continue to be needed and effectiveness of the political system will have to be maintained. But development seems to have brought about changes in society that need to be taken into account in further political development. If in 1965 only 72 per cent of children in the primary school age group were enrolled, by 1985 the percentage became 118. In 1965 only 18 per cent of those within the age group of secondary education was enrolled, but in 1985, 45 per cent attended schools. In 1965 only 1.0 per cent of those in the age group of tertiary education was enrolled, by 1985 the percentage became sevenfold. Viewed in the perspective of Indonesia's development objectives and present world levels of science and technology, the figures, though an achievement, obviously constitute a great challenge. But at the same time they certainly reveal also that the country's society is changing, becoming better educated, and obviously more aware of being part of a nation, of being citizens with duties to fulfill and rights to enjoy.

Development is also transforming the sectoral composition of the country's workforce. In 1965, 71 per cent of Indonesia's workforce was in agriculture but it decreased to 57 per cent by 1980. In 1965, 9 per cent of the workforce was in industry and 21 per cent in services, by 1980 it became 13 and 30 per cent.<sup>12</sup> To these indicators of change in workforce composition should be added those of urban population growth: In 1970-1975 urban population had a growth of no less than 4.7 per cent, almost 50 per cent of which was caused by migration. In 1980, urban population was 22 per cent (24 per cent

in Java and 17 in the other islands) compared to 14.7 per cent in the 1960s.<sup>13</sup>

Although as revealed by the indicators, the transformation of the workforce goes very slowly, the process is surely going on, and this again is another growing reality that will have to be taken into account in the development of the political system. For in an industrial environment and having attended schools, the population would have higher expectations, in terms of material wealth as well as political aspirations. This is so especially if the fact is considered that, as previously mentioned, the greater part of the workforce will have to remain in the informal sector, which in most cases would mean underemployment.

Quite a number of other factors also need to be considered in this attempt to analyse changes that may occur in political attitudes and behaviour. Family planning campaigns, for example, must have changed the outlook of a large number of the country's population. If mothers used to think of bearing and giving birth to a child in terms of fate they are now accustomed to thinking in terms of the possibility for man to decide whether to have a child or not.

Modernization of agriculture that the government has painstakingly and consistently taught to the country's peasantry, which has never before imagined that the ways of planting they have learned from their parents could be replaced by ones that give higher yields, has obviously imbued them with an economic sense and techniques that include among others the choice of high quality seeds, precise dosing of fertilizers and insect-

<sup>12</sup>Data on the workforce and school enrollment have been taken from *World Development Report 1988*.

<sup>13</sup>See Kartini Sjahrir, "Migrasi Tukang Bangunan: Beberapa Faktor Pendorong," in *Prisma* Vol. XVIII, No. 5 (1989), pp. 47-48.

ticides, and even the use of some simple banking services. Persistent efforts to promote cooperatives, if apparently not in most cases very effective, must have developed a sense of fair management of public belonging, and may develop a critical attitude on the management of public funds by government officials.

With much better transportation and the presence of radio and television and, to a lesser extent, that of the printed press throughout the country, even in remote villages, Indonesia's population is widely exposed to world developments. The age of communication is indeed affecting Indonesia's society, and it would obviously contribute to the changes that are taking place. In cities, the growing middle class is being affected by government efforts to enlarge the country's taxbase and would therefore increase political awareness. And with the growth of the economy and foreign exchange earning increasingly reliant on the private sector, with results obvious in the resurgence during the last two years, the city middle class would not only grow further in size but in self-confidence as well. And sooner or later they will add dynamics to politics in the country.

### **Further Political Modernization: A Conclusion**

After twenty years of development with emphasis on the economy, Indonesia has come to a stage in which people eat better, are better dressed, better educated and better informed. The performance would never have been achieved without the political reform that has transformed a degenerating political system into one that is effective in

maintaining national unity and stability, in developing commitment to a national ideology, in laying down the institutional framework of a democracy and in implementing planned development. The entire reform has been implemented against the background of the fatal failure of a Western style parliamentary democracy and that of a "guided democracy," both with political parties that were capable of mobilizing political participation but used in a way that proved to be fatally disruptive to government authority and effectiveness, and to welfare. In fact the reform has been implemented so as to prevent similar disturbances to national life and, therefore, with the importance of stability again and again emphasized and always posited alongside with dynamics. But now that relative welfare has become a fact of life for many, employment and full employment remain a desired goal to those unemployed and underemployed. And at the country's present per capita GNP, expectations could only rise.

The entire picture represents a great unending challenge lying ahead. But Indonesia has apparently found the right track to meet it, which is further development with the dynamics of the private sector as prime mover. The question that remains to ask is whether at this stage the polity will continue to be capable of maintaining stability. This will be no easy task. For while it would not be difficult to identify the changes that are occurring in society, it will certainly be less easy to grasp the needs that may have developed. And accommodation of the needs perceived by a politically conscious public is of utmost importance if stability is to be achieved through a political process.

Indonesia has apparently come to a stage



in which the needs that are developing in its changing society necessitate further modernization of the country's political system. As could be assessed on the basis of the identifiable structural changes, and on the informations on developments the world over that the country's society has been exposed to, primary among the new needs seems to be greater political participation.

Within Pancasila democracy, changes that are perceptible to all, if gradual, seem to be necessary. While Pancasila ideology will have to be maintained at all costs to realize the will of the extremely diverse nation to continue to live together, open dialogues on all matters that society feels to be their concern seem to be imperative in the years to come.

# Financial Sector Deregulation in Indonesia and Asian Economic Cooperation

*Mohammad SADLI*

**T**HE growth rate of the Indonesian economy last year was a bit over 6 per cent, up from the previous year of 5.7 per cent. The mood today is very buoyant and the expectation is for further improvement of the growth performance.

This robust growth, since the economy recovered from the 1982-1983 oil price collapse and the 1985-1986 recession, has been the result of internal policy reforms, i.e., deregulation of the economic regime, trade policy reform, radical taxation and monetary reforms. On the other hand, we were very fortunate that the world economy was buoyant in 1987 and 1988, and that Japan and the NIEs had to restructure their economies, upvalue their currencies, and in this process relocated some of their industries to Southeast Asia. All these developments produced opportunities for selling the products of our manufacturing industries overseas. This international market orientation of domestic industries was regarded as very dif-

ficult for developing countries more used to exporting primary commodities. But there was strong pull from the market and overseas buyers came down to place orders. Perhaps, this experience is similar to that of the NIEs in the sixties, when buyers from the US and other industrial countries started to source their merchandise in the Far East.

In those days, however, the Southeast Asian countries were content to export primary commodities, and at best were trying to increase the value added through processing. The terms of trade of primary commodities further improved in the seventies, and large developing countries such as Indonesia could afford to grow on the basis of primary commodity exports and industrialization for the domestic market behind high protection. This growth model did well for Indonesia as it produced a 7 per cent economic growth rate and a 12 per cent growth in the manufacturing sector for more than ten years. This growth trajectory came to a dead end in 1982/1983 as oil prices plunged and domestic markets became saturated. Hence



1983 became a policy watershed and marked the beginning of major reforms. But these reforms produced great momentum only after 1986, when the world economy recovered. The 1986 crisis of plummeting oil and primary commodity prices shocked the government and gave a strong push to the hesitant early implementation of the reforms. For instance, after the devaluation in 1986 the exchange rate of the rupiah was floated more cleanly.

Indonesia had always been underbanked, that is, the number of unit banks related to population was small, even compared with a country like India with a lower per capita income. The banking sector was heavily regulated and entry very restricted. Five large government banks dominated the industry and were part of the time busy allocating government funded credits to priority sectors with below-market rates of interest. In the free market, interest rates and spreads were very high.

The essential parts of the banking deregulation were the loosening of entry and reserve requirements. Foreign banks also received more freedom. At the moment the saying in Jakarta is that if you throw a rock you probably will hit the glass of one of the new branch banks. But the explosion of private banks also has reached the provinces, even touching the rural sector. The latter has produced an exploitation theory among some of the critical public, that is, will the branch banks in the district towns not drain money away from the countryside to be employed in the big metropolitan centres? One of our historical hang-ups is a mistrust of the free market mechanism, which is seen as profiting the strong and hurting the weak. That is why for forty years after independence we have relied on central government control of resource allocation, also for pro-

tection and promotion of the weak sectors of the economy.

After having seen the distortions produced by overregulation and overprotection, the wind is now blowing in another direction, that is, to give the free market mechanism a greater chance to allocate resources and to push growth. However, with a greater show of entrepreneurial drive and the explosive growth of large private companies, some people contend that a lot of small people are left by the wayside, and that the market mechanism is making the rich richer and does little for the poor. Concern for distributional problems and equity is heightened in boom times.

The liberation of the tiny and dormant capital market in Jakarta has produced instrument results. Some thirty-five mostly domestic companies went public in half a year, and, thanks to the early euphoria, their stock issues were heavily oversubscribed. Some critics then charged that those big business groups or "conglomerates" were taking advantage of the inexperience of the public by adding high premiums to the nominal value of the stocks, without adequate disclosure of corporate health in the prospectuses, with window dressing of figures and alleged collusion with underwriters and appraisal companies. How otherwise could one explain that in a country where the deposits rate of interest is 15 to 18 per cent per year, price-earning-ratios can be as high as 50 and over, as if Indonesia were Japan?

At the end of last year there was a correction of the market and prices of a number of the new emissions tumbled, and at the same time, new issues were heavily under-subscribed. Apparently, the public learned a thing or two, while the supply of new issues exceeded liquidity in the market. The govern-

ment made a rule that foreigners may buy up to 49 per cent of the stocks traded in the market and the expectation is that this demand will soon give stock prices another lift. In the meantime, the Jakarta stock market is still minuscule, even in comparison with neighbouring countries, so that whatever happens, it will not affect the economy much. But the blossoming financial sector and capital market will contribute to mobilizing savings and make allocation of resources more efficient, and hopefully could also help dampen inflation.

The good economic performance in Indonesia is not unique in the region. As a matter of fact, the economic growth rates of the country in 1988 and 1989 were the lowest in the region. Singapore, Malaysia and Thailand have scored significantly higher rates. Indonesia has been penalized for being an oil exporting country, that is, the crude oil sector, contributing some 12 per cent of GDP, cannot grow because of market limitations. This stagnant sector drags down the overall growth figure. There is another growth measure, the so-called non-oil GDP growth rate, which shows a figure of over 7 per cent per annum.

Actually, all of Asia has done very well. The Asian Development Bank Outlook 1989 mentioned the GDP growth rate of developing Asia between 1980 and 1988 as averaging about 7 per cent per annum. During the same period the world economy grew at an average of less than 3 per cent while all developing countries together recorded growth of less than 2 per cent. Asia's performance is indeed impressive when compared with the world as a whole and against the record of other developing countries. This favourable trend for Asia was more pronounced in 1988 -- a year which witnessed the best perfor-

mance so far in this decade. The Bank's Developing Member Countries (DMCs) experienced remarkable growth of 8.9 per cent in 1988, a further improvement on the outstanding achievement of 8.1 per cent in 1987.

Another indication of the region's economic importance and performance can be found in trade statistics. The NIEs merchandise exports averaged US\$32 billion in the seventies, but soared to US\$250 billion in 1989. For Southeast Asia the average during the seventies was US\$20 billion; it reached US\$75 billion in 1989. For the People's Republic of China it was, on average, US\$14 billion during 1971-1980, and reached US\$46 billion in 1989. Of course, for the NIEs there is a lot of re-exports in the figures, but what is most impressive is the growth.

The trade statistics also show an increasing trend of trade among the developing countries, of which the NIEs are an important part. One table in the aforementioned ADB 1989 review (Table A13), shows the growth of exports of the NIEs to the 17 DMCs increasing by close to 50 per cent in 1988, a higher growth rate than for exports going to Japan, the US and the EEC. This higher growth rate in exports to the Asian DMCs is also visible for Indonesia and Malaysia, while for Thailand and the Philippines the highest growth rate was in the direction of Japan.

For the Asian developing countries in total, the growth rate of exports to the 17 Asian Development Bank's developing member countries (DMCs) was 28.8 per cent in 1987 and 39.3 per cent in 1989, in comparison to exports growth rates to Japan of 31.7 per cent in 1987 and 22.9 per cent in 1989. To the US it was 19 per cent in 1987 and 8.1 per cent in 1989, while to the EEC it



was 30.3 per cent in 1987 and 15.9 per cent in 1988. The important conclusion here is that the growth rates of exports of the developing countries are the highest where they matter most, that is, to the other developing countries and to Japan.

Of course, high growth rates of exports from developing countries to other developing countries should be considered against the low level of existing trade. The high growth rates of exports from Thailand and the Philippines to Japan have the same explanation. For the NIEs, high recent growth rates of exports to the other Asian developing countries probably reflect diversification of markets, also increasing complementarities between the NIEs and the lesser developed countries. All these are encouraging signs. High growth rates over time will produce changing structures and relationships. Moreover, they indicate the importance of Asia as an emerging or potential "trading bloc," or "trading entity" if one does not like the word "bloc."

Of course, the major trading partners of developing countries remain the industrialized countries. In this respect the United States has been a grateful and rather easy market for the less sophisticated products of early industrialization of the developing countries, while Japan is the most difficult market. Europe as a totality is a bigger market but still fragmented and with differing protection regimes. For the Asian developing countries the potential of the Japanese market looms large. Entry for exports of manufactures for the time being is not easy, but because of the stated policy of Japan to open up to the exports of developing countries, it may only be a matter of time. Certainly it will require the persistent efforts of the interested companies and cons-

tant policy dialogues between governments and between business organizations. Among the ASEAN countries, Thailand, after years of persistent efforts and promotion, is making the most progress at breaking into the Japanese market. Indonesia, a late comer, is now being assisted by the Japanese Sogo Soshas to produce for the Japanese market, first by exporting semi finished goods, such as greys (textiles), but gradually also more processed goods. The relocation of Japanese component and assembly industries will, in time, also produce exports to Japan, perhaps after a phase of exports to third countries.

The picture of new foreign investments is also changing. In Indonesia, Japanese foreign direct investments in manufacturing were dominant for two decades, but recently direct investments and joint ventures from the NIEs are coming in strongly. The NIEs are becoming capital surplus countries and are very interested to invest in other developing countries in Asia. In a way, the NIEs will give Japan effective competition in technologies for the industrialization of developing Southeast Asia. Europe and the United States are still important, but as sources of more sophisticated technologies rather than direct investments. A country like Australia has importance as a source of managerial and technical personnel. Thousands of Australian professionals are working in Southeast Asia. In the services sector the West definitely still has an edge.

Hence, one picture that is emerging in East and Southeast Asia is that of a formation of flying geese, with Japan as the lead bird, followed by the NIEs, with the lesser industrialized Southeast Asian countries catching up in the rear. China is certainly part of the emerging configuration, but one does

not know for sure how to position this very large country that has impressive potentials but is still preoccupied with internal difficulties. Will this set of countries be more or less self-sufficient in its growth requirements? Certainly, those countries will hurt themselves if they disassociate themselves from the US and Europe, always the two biggest markets of the world. On the other hand, with respect to capital and most of the technologies, the developing countries in Southeast Asia can access nearby sources.

What kind of economic cooperation should these Western Pacific countries engage in? Only bilateral relations as are happening now, or some multilateral ones also? Strong growth and market forces will shape most of the future economic relationships, but intergovernmental and inter-private-sector cooperation could give a push to the direction of trade, investment and aid flows. One sees an increasing number of delegations arriving in Jakarta from the NIEs; from private and government circles, or combined; discussing cooperative projects in investments; in the building of industrial estates; and planning training programmes.

Talking about economic cooperation in the Asia-Pacific area, there is a plethora of forums, mostly non-governmental, but the intergovernmental platforms are gaining importance. The most important non-governmental forums are: the Pacific Basin Economic Council (PBEC), a private business affair formerly dominated by the large western multinational enterprises, but which has increasingly also attracted businessmen from developing countries; Pacific Economic Cooperation Conference (PECC), a tripartite organization encompassing academia, business and government officials in private capacity, and perhaps the most im-

portant forum; the Pacific Area Trade and Development Conference (PAFTAD), mainly an academic forum.

In November last year we had the Asia-Pacific Economic Cooperation (APEC) meeting in Canberra, attended by ministers from Australia, Brunei Darussalam, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States, discussing how to advance the process of Asia-Pacific economic cooperation. A second meeting is planned for this year in Singapore. The PECC will be related to this intergovernmental forum, doing some of the studies to underpin the deliberations. Intergovernmental forums are very difficult to organize because of problems of membership, i.e., which countries to include or exclude, decision making, perceived role of the large countries, organization of a secretariat, etc.

For two decades, the ASEAN countries have already had an intergovernmental organization for regional cooperation, but political cooperation has been more effective than economic cooperation in the form of trade preferences and industrial joint ventures. The Manila Summit, two years ago, produced a very important commitment to a stepped up trade and investment cooperation but implementation so far has been slow, perhaps due to bureaucratic inertia and still persistent economic nationalism. Nevertheless, trade statistics show significant increases in intra-ASEAN trade, but whether this is because of the preferential trading arrangement, or because of buoyant growth, is a matter that remains to be verified. Only a handful of industrial joint ventures has been launched as yet under the AIJV scheme. In the meantime, trade and investment coo-



peration with the NIEs on individual country basis is proceeding well, because of greater and growing complementarities between the economies.

The PTA (trade) and AIJV (investment) schemes may still come off the ground, perhaps when there is more scope for horizontal division of labor between industries in ASEAN. That is a matter of time and it will probably not take long. Due to the entry of a lot of Japanese and NIEs manufacturing investments, chances are that, eventually, the "Japanese and the NIEs will integrate ASEAN."

ASEAN, through both the intergovernmental forum and the ASEAN Chamber of Commerce and Industry, already has the institutions for regular dialogues with the major trading partners, i.e., the same countries participating in the APEC forum. That is why, in Canberra, ASEAN (foreign) ministers were eager to make ASEAN the nucleus of APEC, which apparently the industrial nations agree to accommodate.

With respect to the problems of cooperation and policy coordination, the most difficult problems will be between the major trading partners, that is, between the US and Europe on the one hand, and Japan and the NIEs on the other. The source of problems, disputes and frictions is the persistent and large trade deficits of the US and Europe vis-à-vis Japan and the NIEs. Out of US\$130 billion trade deficit of the US, US\$100 billion is with Asia. The non-NIEs developing countries may have existing or emerging trade surplus problems with the US and Europe, and are at times also the target of protectionist measures, but they are "small fry." In the end, they will probably have to live with the trading regime which will be the outcome of the tug-of-war between the US

on one hand and Japan and the NIEs on the other. So far, however, the ASEAN-4 has benefitted from the process of opening markets.

The hope now is for a solution of the Uruguay GATT Round at the end of this year, so that world trade can proceed on an open and multilateral basis where the principle of most favoured nations can be better upheld. For lack of a better alternative, everybody agrees that this is what the world needs, but at the moment, nobody knows what the new GATT agreement will look like. Certainly, the principle of reciprocity will be upheld by the major powers, and for developing countries there will be less of a "free lunch," meaning that they also will have to give in order to receive. Protection of industries, agriculture and services for an indefinite time cannot be expected much longer.

For developing countries the decreased protection will probably be a blessing in disguise. As we have seen in Asia, every time Japan, and more recently the NIEs, are forced to adjust, they come out even stronger and the surpluses or deficits remain stubborn. That is why a more likely situation after the conclusion of the Uruguay Round is that the American trade diplomacy will continue as it is today, that is, the US will try to give force to the implementation of the new GATT rules by using its trading leverage against certain countries, but once a target market is more open, everybody could come in.

Perhaps behind the structural imbalances of trade between Asia and the US and Europe, lie variables other than just those concerning economic policy. Cultural variables also play a role in areas such as differing work ethics, the historical role of the

government, social philosophies relating to industrial relations, productivity, work loyalties, savings and consumption, etc. If the US is less concerned about Europe, perhaps this is because they are of the same cultural community. If (Asian) cultures have an impact upon international economic relations, and because of this "Asia is no longer a match for the US," how will the relations eventually be resolved? Should Asia become

more "western" in lifestyle, or should the West reintegrate some of the social virtues from the era of Adam Smith which were discarded in the march of time and democracy?

We do not know the answers. But it is much better to come together and talk things out on a regular basis, rather than to meet each other only over trade and other economic disputes.



## Book Reviews

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### When the Regions were at Odds with the Central Government

*Regional Upheavals at the Outset of Independence* (In Indonesian, *Pergolakan Daerah pada Awal Kemerdekaan*) edited by Audrey R. Kahin. Jakarta: Pustaka Utama Grafiti, 1989, 304 pp. This review article by Onghokham is translated from *Tempo*, 5 May 1990.

**Q**UITE a number of books have been written on revolutions in Indonesia, particularly in Java, focussing on the national political arena. There are now various studies on revolution occurring in the regions. Audrey Kahin herself, wife of Professor G. McTurnan Kahin from Cornell University who may be regarded as the father of the study on modern Indonesia in the US -- conducted research on the revolution in West Sumatra. Other writings are: *Affair in Three Regions* (A. Lucas), *Banten* (M.C. Williams), *Aceh* (Eric Morris), *East Sumatra* (M. van Langenberg), *West Sumatra* (A. Kahin), *Jakarta* (R. Cribb), *South Sulawesi* (B.S. Harvey), and *Ambon* (R.

Chauvel). Not all regions have been covered by this study, two writings are even still concerned with Java, where according to the Dutch the most violent upheavals occurred.

After the violent resistance in Surabaya against the British forces (in late October and on 10 November 1945), Lt. Governor General H.J. van Mook and his staff were considering to leave Java in order to concentrate the weak Dutch forces on the islands of Sumatra, Kalimantan and East Indonesia. That proposal was rejected by the government in the Netherlands, which gave priority to its imperialist task. Van Mook's idea of concentrating the Dutch forces outside Java was more or less applied in the conception of the federal republic of *Republik Indonesia Serikat*, comprising autonomous regions of the republic such as the State of East Indonesia, the State of East Java, and the State of East Sumatra.

These federal states seemed to be self-reliant, though not too autonomous, as they were too much under Dutch surveillance. One year after the Dutch Forces had left In-

donesia as a consequence of the Round Table Conference in late 1949, RIS (the United States of Indonesia) broke up to become the unitary Republic of Indonesia.

From this book it is clear that had Van Mook's proposal to leave Java and concentrate on the islands outside Java been accepted, the problem between the Dutch and Indonesia post 1945 would not have been solved. In all of the regions discussed in this book there were upheavals of the revolution. The proclamation of independence of the Republic of Indonesia turned out to have gained much wider and deeper support than had been anticipated by the Dutch.

It can be described in broad outline that the power vacuum caused by the Japanese capitulation to the Allied Forces (August 1945), and the disposition of the Allied forces and the Dutch which were not yet prepared to fill in the power vacuum, enabled the "Republican" movement (for Independence) to do or try to do so. However, this movement was not always in conformity with the policy of the central leadership under Soekarno-Hatta.

For instance, the central leadership was against the resistance action in Surabaya (10 November 1945), or clashed with the TNI (Indonesian National Army) which they themselves had formed, and they were also against the movement of Tan Malaka. In general it can be said that the central leadership focused the struggle on the aim of independence, namely the termination of colonialism by political means. The Revolution often called for a change in the colonial structure, either with regard to that of *pangreh praja* (civil service) or in terms of other non-indigenous domination, whereas the leaders of the revolution realised that this

situation could not be possibly maintained in the post-World War II era after the victory of the allied forces. In making diplomatic efforts, the most important condition was to maintain a "status quo," particularly in the economic field.

When on the national level matters relating to diplomacy and struggle were concerned with socio-economic status quo, and not a political one, the struggle in the regions between the proponents of the Republic and those of the "federal" state concerned the local status quo. There was a movement against the traditional *pangreh praja* (Banten, Three Regions), against the *sultans* (North Sumatra), against traditional leaders (Aceh), movement of the younger generation against that of the older generation (conservative), and also the Chinese, *Indos* (Eurasians), Ambonese, and Menadonese in Jakarta.

The manner and pattern of the regional revolution were strongly determined by local history. In the case of the Three Regions (Tegal, Brebes, Pemalang), it was during the period of Japanese strong reaction against the *pangreh praja* which collaborated fully with the Japanese occupation forces in demanding the people to yield their agricultural crops to the Japanese.

Aceh was the only region in the Indonesian Archipelago which had never been fully dominated by the Dutch colonial government. Pax Nederlandica could only be enforced by the alliance between *hulubalangs* (district chiefs) and the Dutch. This region was also the only one which in March 1942, when the Netherlands East Indies surrendered to Japan, proclaimed its independence again. The *ulemas* and *hulubalangs* were again in conflict in 1945.



The upheaval in East Sumatra was related to the authority of the sultans and ethnic groups such as the Bataks. In East Sumatra, as was the case with West Sumatra, the revolution was strongly rooted in the national movement during the Dutch colonial period. In West Sumatra the upheaval was of a unique character, since many of the national leaders in the capital city of the republic came from West Sumatra, such as Hatta, Syahrir, and Haji Agus Salim. Perhaps the educational level in this region was also the highest in Sumatra.

Unlike those in Sumatra and Java, the reaction to the revolution in East Indonesia was ambivalent. That is, there was a strong pro-republican group against whom the Dutch had to take cruel actions (the Westerling affair in South Sulawesi), there were a moderate pro-independence group and also a pro-Dutch faction. The federal states in East Indonesia had their stronghold and gained strong support, though they were eventually replaced by a pro-unitary republican movement. In East Indonesia, the upheaval of the 1945 Revolution originated from the movements during the Dutch colonial era and the Japanese occupation period.

In view of these local upheavals, Indonesia's revolution which was national in

nature comprised in fact many complex elements. They were among others problems related to ethnicity, concerning progressives and conservatives, and also between *ulemas* and tradition. Finally, the conception of Indonesia for all suppressed elements and those who opposed the established group constituted a concept and tool of liberation.

The concept of Indonesia was that of liberation from traditional authorities in West Sumatra, Aceh and the like, from religious strict observance (Banten), from *pangreh praja* (*Three Regions*), or from KNIL (Dutch Colonial Army and its members) or establishment (the Moluccas). The concept of Indonesia as a tool of social mobility and regional dynamics versus conservatism, may still apply today and has ensured unity.

At least, that was the origin of the concept during the period of the nationalist movement before 1942 and during the revolution. The idea the various generations in Indonesia's modern history, such as the 1908, 1928, 1945 and the 1966 generations, reveals the structure of such dynamics of modern Indonesian politics, namely the concept of Indonesia as an element of liberation, and not that of control.

## The Story of Snouck Hurgronje's Slynness

*Snouck Hurgronje and Islam* (Indonesian edition, *Snouck Hurgronje dan Islam*) by P.S.J. Van Koningsveld. Jakarta: Girimukti

Pusaka, 1989, 312 pp. This review article by Ridwan Saidi is translated from *Editor*, 18 November 1989.

IT turns out that the proverb *Mikul dhuwur mendhem jero* (not criticising those who have died) has partly been practised by some Dutch scholars, either from the older generation, such as F. Schroder and L.I. Graf, or from the younger one, W.G.J. Remelink. Hence, when Van Koningsveld (VK) for the first time on 16 November 1979 unmasked the intellectual pretence of Snouck Hurgronje a fierce polemic ensued in various Dutch media during 1980-1981.

VK, a scholar and expert in Arabic and Islamic science and born in 1943, graduated from the same Alma Mater as Snouck Hurgronje, namely, the Royal Institute of Leiden. As already known, Snouk (1857-1936) had for 17 years (1889-1906) been advisor to the Netherlands East Indies Government on Islamic affairs. During that period Snouck also acted as the architect of the Dutch Indies' policy on Islam. The *Staatsbladen* (State Gazettes) which were issued and circulated by the colonial government on the native population in their relations with Islam during that period, were derived from Snouck's thoughts which in essence made the Islamic religion one of sheer "religious services." And based on the policy of association, Snouck wanted to make the indigenous people Dutch-oriented culturally by only integrating culturally the subjects of the Dutch Queen on the North Sea and those in the *Insulinde* as a means to solve the Islam and Dutch problem, as expounded by Snouck in *ISLAM en de NEDERLANDERS*. All his roles he played including those in the Aceh War left suppurated wounds deep in the hearts of the Islamic community until today.

Through intensive research on a number of documents, either *Verslag* reports, Snouck's notes and letters, bibliography or interviews, VK writes his conclusions of

Snouck in seven articles embodied in this book entitled *Snouck Hurgronje and Islam*. As he himself puts it, interest of this famous orientalist researcher was aroused by the curiosity of some high school students about the prominent figure, whose name they had heard of. In his chapters VK concludes that Snouck was a scholar with doubtful honesty. He proves that in the second part of the book entitled *Mecca in the Latter Part of the 19th Century* as many as 100 pages are simply copied from the report of his assistant, Aboebakar Djajadiningrat (uncle of Husein Djajadiningrat). The name Aboebakar is not even once mentioned in this book. Also the photo printed was taken by Abdul Gaffar, a prominent doctor in Mekkah. However, Snouck put his name instead under the photo claiming himself to be the photographer.

Another forgery of Snouck was that he claimed to have written 1,500 Arabic words which were in fact translations of Egyptian phrases and proverbs written by Abdurahman Effendi, an Ulema. Another work entitled *De Atjehers* (the Acehnese) which has been translated here in two volumes, is also a forgery. So is *Verslag Atjeh* (A Report on Aceh) a special report for the Dutch Government, describing the Acehnese as being uncivilised, dirty and licentious.

Ever since his visit to Mecca in 1883 he had been entrusted with a political mission. His journey had been arranged and financed by the Dutch Government. Since he was in Mecca he had prepared a concept of "counter guerilla" against the Acehnese. He had stayed in the vicinity of the Acehnese living in Mecca. And it was at this place that Snouck could have access to the indigenous people such as Hassan Mustafa, who later became his important informant.



VK maintains that Aceh was not conquered by General Van Heutz, but by Snouck himself. In the years 1898-1902 Snouck made seven trips to Aceh and stayed there for 33 months. During that time he took part in a number of military operations, including leading an *avant la lettre* intelligence service (unofficially). As a result, he succeeded in capturing one hundred Acehnese fighters. His main contribution to the crushing of the Acehnese struggle was the reconstruction of the map of the Gayo region with its hills and valleys based on information provided by a collaboration by the name of Djambek alias Nyak Puteh.

Clearly Snouck could not have succeeded without the help of the indigenous people such as Habib Abdurrahman al Zahir, Aboebakar Djajadiningrat, Hassan Mustafa, Habib Osman bin Jahja, Tengku Nurdin and Djambek. These people faithfully assisted Snouck in spying his activities using scientific methods.

Not less important is Snouck's *Izharul Islam* |hypocritical attitude, pretending to be Islam in an attempt at participating observation on Islam, including marrying two native girls, daughters of a prominent *Penghulu* (Muslim leader). He never admitted this marriage to the white community including his Dutch born daughter Christian, from his

third Catholic marriage with Ida Maria Ooter in the Netherlands in 1919. *Izharul Islam* (pretending to be Islam) was used by Snouck as a means of research, as did Wyne Sergeant who married obahorok of the Baliem valley in Irian Jaya when she conducted research on sex behaviour of isolated tribes.

By fully exposing Snouck Hurgronje, it is hardly surprising that Van Koningsveld was accused by his fellow Dutch scholars of all sorts of things, including adherence to Arab nationalism. What in fact is VK's motivation which has led him to castigate mercilessly someone regarded as having been of great service to the Kingdom of the Netherlands?

This finds its answer in the eight chapter of this book. VK wishes a review of present Dutch policy on Muslims. He wishes a realistic and democratic policy towards Muslims in the Netherlands. VK criticises the restrictions on the possible development of Islam in the Netherlands. He criticises those limitations in the Netherlands, as the result of the existing legal system. In short, VK wishes openness and an intellectual classification of former Dutch scholars in the colonies. Van Koningsveld also wishes, through this book, to purify the intellectual mission of scholars, wherever they are, to comply with their intellectual code of ethics.

## The Road to Madiun

*The Road to Madiun: The Indonesian Communist Uprising of 1948* (Monograph Series No. 69) by Ann Swift. Ithaca, New York: Cornell Modern Indonesia Project, South-

east Asia Program, Cornell University, 1989. This review article Abdurrachman Surjomihardjo is translated from *Tempo*, 17 February 1990.

THE year 1948 occupies a significant position in Indonesia's latest history. Half a year after Dutch Military Action I, the Renville Agreement was ratified by the government of the Republic of Indonesia and the Dutch Colonial government, witnessed by the Commission of Three Countries. This agreement brought about an exacerbation of domestic political conflicts and widespread atmosphere of mutual suspicion, especially in Java.

The Renville Agreement was for many independence fighters similar to surrendering to the Dutch, because the Indonesian National Army (TNI) had to abandon the enclaves -- they had to retreat behind the demarcation lines. The population of Yogyakarta, Surakarta (Solo), and Madiun swelled up because of the evacuating soldiers from the guerrilla enclaves. The demand of the struggle, to be 100 per cent independent, rejected diplomacy, which since the Linggarjati and Renville Agreements had been felt as humiliating the authority of the Republic of Indonesia and the dignity of the nation. Parties sprang up between those two views aside from mutually reinforcing their respective ideologies. The armed fighters were frustrated by the cease fire, becoming town-dwellers, and because of the plan to rationalise the Armed Forces. The international situation also appeared to tilt towards the outbreak of World War III. The cold war evidently heated up political and military activities.

This was reflected in the political activities within the Republic of Indonesia with the emergence of the Left Wing - a fusion of the Indonesian Socialist Party, the Indonesian Labour Party, Socialist Youth, and the Indonesian Communist Party. Masyumi became the Left Wing's Opposition, which was

also a conglomerate of Islamic parties. Besides, there were also the Indonesian National Party, of which the total number of its members was "somewhat lower than that of Masyumi," Tan Malaka's group which reorganised itself into "Gerakan Revolusi Rakyat" (the People's Revolutionary Movement), and "Barisan Benteng" (with their centre at Solo) under the leadership of Dr. Muwardi.

The Indonesian National Army (with 350,000 members) and the society's TNI (with 470,000 members) also emerged as socio-political forces. The role of the President and Vice-President (Soekarno-Hatta) stood above all parties, since the strengths and weaknesses of both proclaimators, which constituted a symbol of an authoritative nation, were united in directing the policy of the Republic.

That situation constituted a stage of the domestic political conflict. The cabinet of Amir Syarifudin, which agreed to the Renville Agreement, was dissolved. Amir Syarifudin was succeeded by Moh. Hatta, who could only form a cabinet (without the left wing) on 29th January 1948. The Republic's position on the international arena became increasingly stronger. In late May 1948, the Soviet Union recognized the Republic of Indonesia -- owing to the efforts of Suripno, a representative of the Republic of Indonesia in Czechoslovakia. Suripno returned to Indonesia on 11th August accompanied by his secretary, "Suparto," who appeared afterwards to be Muso, PKI's prominent leader since the revolt in 1926.

Muso immediately suggested a self-correction by the People's Democratic Front (an extension of the Left Wing) to the effect that the Linggarjati Agreement and that of



Renville had been erroneous and should be rejected as the diplomatic basis of the Republic. "If the war broke between the USA and the Soviet Union, it would be impossible for Indonesia to stay neutral," said Muso. Amir Sjarifudin (communist) conceded his guilt because he had approved of and signed the Renville Agreement.

On a political stage like that provocations were easy to launch. Slander was incessantly provoked, the language used was no longer cultured, on the local level nobody could make out who were friends or enemies, because there were some who were involved in provocation and slander, though it was evident on the national level. Dr. Muwardi was kidnapped and killed, the evacuating soldiers were slandered, Solo was in a situation of fighting among Indonesians themselves. Meanwhile Muso went on agitating, making trips and speeches before public meetings in Central and East Java.

The background and cronology of those events are clearly reconstructed in *The Road to Madiun*. It starts from the stage of political forces in Java in 1948. Then follows an analysis on the beginning of opposition, the downfall of the Left Wing, the role of the Calcutta Conference, which placed nationalism in the Cold War, and domestic political consolidation under Soekarno-Hatta. Muso, who came with the political scheme "the New Way of the Republic of Indonesia," and its implementation which started from

the Solo Affair (13th September 1948) and followed by the Madiun Uprising (18 September), was confronted with the Indonesian National Army.

Swift also gives an account to the readers on historical leaders such as Muso, Alimin, Suripno, Amir Sjarifudin, Setiajidi, Wikana, Abdul Majid, Haryono, and Major General Joko Suyono, and others among the PKI group. Further, she also discusses Tan Malaka (whose views differed from that of Muso and Alimin), Dr. Muwardi, Soekarno, Hatta, General Sudirman, Sjahrir, Agus Salim, and others. In brief, aside from being an analysis on events, this book is also a prosopography (prosopon = person), a description of the collective attitude and behaviour of prominent figures, who had to meet collectively the challenges of that time. That historical reconstruction highlights those who played a significant role in the chaotic revolutionary situation.

Various theories which have been sufficiently analysed concern big questions on the outbreak of the Madiun Uprising. Was it an American provocation? Was it due to Moscow's plan? Or was it due to "a wrong address" (who are friends or enemies)? Apparently no final answers to those questions may be given. Hence this study ends with open-ended questions - its flaws and inadequacies are left open for further necessary studies.

## Contributors

- Ibrahim AMBONG,  
Researcher at the Political and Regional Research and Development Centre of LIPI (Indonesia's Institute of Sciences). He graduated from the Faculty of Social and Political Sciences, Gadjah Mada University, 1977; obtained his MA in International Studies, University of Denver, Colorado, 1984.
- J. Soedjati DJIWANDONO,  
Editor, *The Indonesian Quarterly*, and member of the Board of Supervisory, CSIS. He obtained his MSc. and Ph.D. on International Relations from London School of Economics and Political Science, University of London, 1982.
- Syamsuddin HARIS,  
Researcher at the Political and Regional Research and Development Centre of LIPI (Indonesia's Institute of Sciences), teaching staff at the Faculty of Social and Political Sciences, National University, Jakarta. He graduated from the Faculty of Political Science, National University, Jakarta, 1983.
- J. Kadjat HARTOJO,  
Assistant Director for Publication, CSIS, and lecturer, Faculty of Letters, University of Indonesia, 1967. He graduated from the Faculty of Letters, University of Indonesia, 1967.
- Lazarus REVASSY,  
Teaching staff at the Faculty of Social Science, University of Cenderawasih; he graduated from Faculty of Social Science, University of Cenderawasih, 1981; obtained his MA in Politics and Social Sciences, University of Indonesia, 1989.
- Mohammad SADLI,  
Former Minister of Mines, Vice Chairman, The Governing Council of the Indonesian Chamber of Commerce and Industry. He obtained his Ph.D. in Economics from University of Indonesia, Jakarta.
- SOEDIBYO,  
Retired from the Army on November 1986 as Brigadier General. He graduated from the Royal Military Academy-the Netherlands (Breda) in 1956; Infantry Advance Course; School of Command Staff of the Army. In 1974-1978: Defence Attache of the Indonesian Embassy, Moscow; Vice Assistant to CC Armed Forces for Policy and Planning. Current position: Senior Fellow CSIS; Chairman, Working Group of Defence and Security, National Defence Institute (*Lembaga Pertahanan Nasional* = Lemhannas). Lecturer at *Lemhannas* and Armed Forces Staff School.



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